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Creating Situations of Strength

by Charles E. Bohlen

Counselor of the Department of State¹

Exactly what do we mean when we say "situations of strength"? How and why was the concept developed? How has U.S. foreign policy operated to create situations of strength on behalf of the free world?

These are vital questions. They demand pointed answers. But they can be adequately answered only if we understand the qualities of U.S. foreign policy which have made it possible to think in terms of global strategy. So I should like to begin by briefly examining some of these qualities.

The first point I would make here is that our foreign policy must be one of enlightened self-interest. A nation that does not constantly look to its self-security toys with its very existence. That, I think, is perfectly obvious.

But there are different roads to security even as there are different concepts as to what security involves. Security has been used as a disguise for conquest and imperialism.

Our concept of self-security is quite different. Our concept is firmly rooted in the belief that we can best preserve our way of life in a world of peace and decency. It is dedicated to the conviction that our best hope for such peace and decency lies in the full-time cooperation of sovereign nations, all of them seeking the common progress of humanity. It is based upon the understanding that the free nations—the United States among them—cannot be unconcerned so long as poverty, disease, and illiteracy remain the constant companions of two-thirds of the human race.

This concern is not only humanitarianism, although this element must be present in the foreign policy of a democracy. But that does not mean that it is a policy of simple charity. Emphatically not! We are willing to help others to help themselves because, in doing so, we are helping ourselves.

¹ Address made at the Colgate University Conference on American Foreign Policy, Hamilton, N. Y., on July 26 and released to the press (No. 586) on the same date.

And that brings me to a second quality of U.S. foreign policy. It is a cooperative policy. It accepts the principle that we cannot stand alone in this kind of world—that we dare not stand alone.

The days when the Atlantic and Pacific served us as protective moats—as "insulation" to use the phrase of the late Senator Vandenberg—are behind us. Great oceans have become mere puddles. The miracle of modern technology has given us immediate neighbors in London, Paris, Canberra, and Bangkok. Horse and buggy isolationism is outmoded in an atomic age. What happens anywhere in the world is of concern everywhere.

When you couple this smaller, more closely knit, technologically advanced world with the rise of a new great power, the Soviet Union, you can easily see why we Americans cannot stand alone. The emergence of the Soviet Union as a great power at the close of World War II was bound to have a global impact. Soviet policies and actions since the close of the war have made that impact a dangerous one.

There is no need to belabor the Soviet menace before this audience. You know the Soviet post-war record. You understand the nature of the threat posed for all free men. And you understand—I am sure—that the United States must work closely with other free nations if freedom and peace are to weather the onslaughts of this new imperialism.

Realistic Policy Needed

A third and necessary element of U.S. foreign policy is realism. Our foreign policy must reflect the ideals and principles so deeply rooted in our tradition. It must concern itself with things as they really are—not only with things as we would like them to be. It seeks to meet specific situations as they arise as well as to anticipate such situations.

It would be wonderful if this were indeed the best of all possible worlds. It would be fine if we could immediately realize our fondest ideals.

But this is not that kind of world. There are

many influences and many ambitions at work on the international scene. And these influences and ambitions are not readily subject to control by a push button in Washington.

Foreign policy cannot be made in a vacuum. Foreign-policy objectives cannot be accomplished in keeping with a strict timetable. There are just too many intangibles.

There are those who would apply the rigid rules of abstract physical science to international politics. It would be very helpful if it were possible to reduce foreign policy to an exact science. But it is not possible to do so.

A sound foreign policy must deal in possibilities and probabilities as well as in certainties. Only then can it be realistic. Only then can it operate with reasonable flexibility.

A fourth quality of U.S. foreign policy which I should like to mention is its genuine democracy. It is not made in an ivory tower.

U.S. foreign policy is fully representative of domestic public opinion. It is an expression of our way of life.

Secretary of State Dean Acheson made that clear in a Nation-wide address back in 1949. He said:

In the long run, and very often in the short run, it is you citizens of this Republic, acting directly through public opinion and through the Congress, who decide the contours of our policies and whether those policies shall go forward or waver and stop.

Current events clearly support Mr. Acheson's statement. The 1952 political conventions at Chicago are cases in point. Foreign policy has been a fundamental issue before both conventions. Foreign policy is a basic plank in both platforms.

Are not political parties the vehicles through which the people grant governmental power to those of their choice? Of course they are.

In the last analysis, the makers of foreign policy in any democracy must—as a matter of right and necessity—be responsive to the voice of the people.

These, then, are some of the basic qualities which should be in U.S. foreign policy. Enlightened self-interest, realism, democratic inspiration, and the cooperative spirit—these are the qualities necessary to bring into being the "situations of strength" concept we are here to discuss.

These are the qualities which have made it possible for the United States to assume its responsibilities of free-world leadership in meeting the No. 1 problem posed by World War II. What was that No. 1 problem?

It was a problem of power relationships made acute by the approach taken by Soviet Russia.

Using Power to Curb Power

There is an old Chinese proverb which says: "Use power to curb power."

In a sense, that is what the free nations have had to do in the postwar period.

Now, I do not mean to imply by this that power is an end in itself or that we have gone power-mad. Power, insofar as free men are concerned, is a means to an end. It is a means through which the United States is seeking to preserve its security and to work with others in building a world of peace and progress. It is a means through which the free nations can work together to deter totalitarian aggression.

This, I might say, is a highly significant point. In international politics, power does not necessarily have to be used to be effective. The very fact that it exists is often enough to get results.

Now, I have said that the No. 1 problem of the postwar period—from our point of view—was one of power relationships. And I have already noted that the rise of a new and special form of state power—Soviet Russia—was of crucial importance.

The fact is that the power situation in the post-war world is very different from anything we have had at any other time since the rise of the modern nation-state system. For the first time in modern history, we have a world in which there are only two major centers of power. Power—to use the technical phrase—is bipolarized.

On the one hand, we have the Soviet Union and its satellites. On the other, we have what amounts to a coalition of free nations with the United States playing a leading role.

This role is not one we have sought. It has been thrust upon us by the very nature of our position in world affairs. It has been thrust upon us and we have been obligated to accept it.

When I say that the United States is central to the free-world coalition, I say it with humility and understanding of the grave responsibilities imposed upon us. I say it in the urgent hope that we shall not fail to help preserve in the world that freedom and liberty to which our entire foreign policy is dedicated. I say it with the conviction that our own well-being is dependent upon our free-world partners even as theirs is dependent upon us.

This is true—to a great extent—because existing power relationships leave a good deal less room for maneuver in foreign affairs than was once the case. Balance of power politics no longer means what it meant before the first global war was fought. The day of the buffer state and the zone of influence is rapidly passing. Any major strategic move in today's world is of immediate concern to all nations and all peoples.

At the turn of the century, there were half a dozen or more nations who could lay claim to being powers of the first rank. If one of these nations became unduly threatening, or aggressive, there were always several other nations who—by uniting with the weaker of the two—could offset the power of the stronger. This was the classical conception of balance-of-power politics in operation.

At the turn of the century, it was possible for a war to be fought in the Balkans, the Near East, or

the Far East without involving or even directly affecting the major powers.

But today's world is different. There is a Cold War on between freedom and calculated tyranny. And that war is global in scope. There is friction at virtually every point where the free and slave worlds meet.

The fight against aggression in Korea is all too tangible proof of this. Every major power has had a hand in the Korean situation in one way or another.

Korea, I might add, will appear in the history books of the future as one of the most significant events of this or any other era. For here, genuine collective security operated to halt a deliberate, naked aggression for the first time in modern history. The United Nations has truly won its spurs in Korea. It has upheld, in full, the principles upon which it was founded.

Think of what the United Nations has accomplished in Korea. It has driven the Communists back along most of the battle line beyond the point from which they started their unprovoked, brutal assault in June of 1950. It has preserved the independence of the Republic of South Korea. It has served notice on all potential aggressors that aggression cannot be launched anywhere with impunity.

Had the United Nations allowed the Communists to get away with their aggression, the existing power situation would have developed to the extreme disadvantage of the free world. To have allowed Korea to go by default would have been a tremendous blow to the free peoples of Asia. It would have encouraged the Kremlin and its cohorts to move against the periphery of the free world again at their convenience. It would have strengthened the possibilities of an all-out global war and weakened considerably the containment policy which is so basic to U.S. foreign policy and the defense of the free world as a whole.

Emergence of the Containment Policy

I should like now to talk a little about the containment policy and about the creation of situations of strength which that policy demands.

The first thing that we must bear in mind in this connection is that the conditions which gave rise to the idea of containment did not spring up overnight. They were in the process of development for many months.

World War II did see the Soviet Union emerge as a great power. But it was not until the free nations had exhausted every possibility at the conference table and the Soviets had clearly indicated by their actions their unwillingness to cooperate that the containment policy emerged.

In short, the containment policy was a reaction to Soviet actions. It was a reaction to an aggressive imperialism which became more and more evident in the months immediately following the

war. It was a reaction to Soviet moves which represented an utter departure from pledges taken at the conference table.

The Soviet Union refused to honor its agreement to sponsor free elections in Eastern Europe. The Soviets shook their fist at Turkey and at Iran. They encouraged Communist subversion of the legitimate Greek Government. They allowed huge stocks of Japanese military equipment to fall into the hands of the Chinese Communists in Manchuria and thus—in effect—went back on the promise they had made at Yalta to throw their full support to the Chinese Nationalist Government.

Speaking of Yalta, the charge has been made that our failure to "get tough" at the conference table allowed Moscow to help itself to Eastern Europe, China, and North Korea. I want to state categorically that this charge is absolutely without foundation.

The fact is that the Soviets received nothing by negotiation that they did not already or were not about to control by the presence of the Red army. Soviet territorial gains have not been made by words exchanged at the conference table.

The containment policy—being a realistic policy—has thus had to concern itself more with Soviet actions than with Soviet words. In fact, it was a specific concrete action which can be said to have brought the containment policy into operation.

The scene was Iran. In early 1946, Soviet troops were still stationed in northern Iran. Further, they were interfering with the Iranian Government's attempts to govern in Azerbaijan, a key province in northern Iran. The Soviets refused to withdraw their troops from Iran despite a clear treaty obligation to do so.

The situation was brought to the attention of the United Nations. It was thoroughly aired in open debate. The peoples of the world were given a chance to learn—in great detail—what was going on in Iran. The result: Pressures exerted by an aroused world opinion—an opinion educated by U.N. debate—forced the Soviets to withdraw their troops.

The United Nations had proved itself an effective forum for the settlement of a dispute which was threatening the peace. The containment process operated for the first time because the free nations—working through the United Nations—contained an obvious Soviet effort to extend its influence into neighboring Iran.

You will note that I have referred to the "containment process." The Truman Doctrine of March 1947 was the first application of the containment policy in its more definitive form. The President's decision to aid the Greeks and the Turks, and congressional support of that decision, brought the containment policy to fruition as a total plan of action.

We helped the legitimate Greek Government to

defeat the Communist-led revolt and thus created a situation of strength in Greece. Today, a stable Greece is a full-fledged partner in the North Atlantic Treaty Organization.

In helping the Turks to modernize and equip their army, we helped to support a strong determination to withstand Soviet demands for control of the vital Dardanelles. We helped to create a situation of strength which has been vitally important in keeping Soviet imperialism from driving to the Persian Gulf and the Mediterranean.

Now it has been said that the containment policy is a purely negative affair. Words such as "negative" and "positive" are very misleading unless we understand clearly what we mean.

Containment is negative only in the sense that it does not envisage the use of armed force in aggressive action. It is no more negative than the doctrine of individual and collective defense is negative. It has meant and it means that the free nations of the world will do all in their power—including armed resistance—in the event of aggression, to prevent the free areas of the world from falling under Communist tyranny. In every other sense our present policy, of which containment is only one element, is positive.

The programs of mutual assistance among the nations of the free world are anything but negative. They are not only designed to contain and deter the aggressor; they are designed to maintain and strengthen the stability of free nations everywhere. They are designed to give us a strong boost on the road toward universal peace and humanitarian cooperation. They are designed to supplement, in full, the work of the United Nations.

Let us look briefly at some of these programs. Take the Marshall Plan, for example. The end of World War II saw the nations of Western Europe in economic chaos. Poverty was rampant. Destruction in most countries was terrible to behold. Countries which have served as battlefields look like battlefields long after the cannon have stopped roaring. Morale was at a dangerous low. Communist parties were at the height of their power. The possibility that Soviet power might move into much of Western Europe without firing a shot was a grim one.

Objectives of the Marshall Plan

In the face of this situation, Secretary of State George C. Marshall arose to make a public address which was to initiate the great plan which bears his name. In that address, he said:

Our policy is directed not against any country or doctrine but against hunger, poverty, desperation, and chaos.

The Marshall Plan was designed to help the Europeans help themselves get back on their economic feet. It was designed to help them develop internal stability. It was designed to help them preserve their freedom and their liberties through

an economic rebirth capable of coping with subversion from within and expansionism from without.

Self-help and mutual cooperation—these were the terms upon which the United States offered the Western Europeans the means of helping themselves. And the nations and peoples of Western Europe accomplished a near miracle in the process.

The situation in Western Europe today speaks for itself. And to the extent that stability has been restored and communism forced into retreat—to that extent have we Americans helped to build a bastion of strength on behalf of our own security and free men everywhere.

Let us look at another of our positive programs: The Point Four Program.

Here is a program which first saw the light of day some 3 years after the containment policy became effective. But it is a logical outgrowth of the latter.

Point Four is a happy combination of genuine idealism and a means of strengthening the free world as a whole. Its purpose is to help the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens.

In helping underdeveloped areas to help themselves, we are working for a better standard of living among the less fortunate peoples. We are helping to eliminate the discontent of the poverty-stricken. We are helping to build their fortitude and strengthen their desire to withstand the impact of communism.

Are we not—through Point Four—building situations of strength? Of course, we are.

Consider, if you will, the various regional defense pacts to which we are party. All of these have been developed in conformity with the U.N. Charter. They are designed to strengthen the security of the nations immediately involved. But they are also designed to help the United Nations move more efficiently to meet a breach of the peace should it occur in an area covered by a regional agreement.

The North Atlantic Treaty Organization (Nato) is the most far-reaching of these regional agreements. But our mutual defense arrangements in the Pacific and with our Latin American neighbors are certainly of equal importance to our security and the peace of the world.

Through Nato, the free nations have erected an expanding defense force—a deterrent power designed to preserve the security of Western Europe and that of the entire North Atlantic area. Equally impressive is the fact that we have managed to work out the organization and the techniques for making this defensive mechanism operate effectively.

This, I might say, was no simple task. Extreme nationalism has always been a difficult problem

for those who would build unity. The distrust of ages is not easily dispelled in months or even years.

NATO—like the Schuman Plan, the Marshall Plan, and the European Payments Union—is a tribute to the masterful statesmanship of the Western Europeans themselves. They have overcome much of the pride and prejudice of centuries in their common interest. In doing so, they have added much to our own well-being and to the cause of peace as a whole.

Western Europe—for all the problems that continue to plague it today—is indeed a bulwark of strength for the United States as well as for the entire free world.

I have tried to give you a brief account of a few of the positive measures designed to create situations of strength in which the United States has had a crucial hand. I have sought to present an honest, realistic picture of how these measures are related to our drive for genuine security and our urge for a decent peace.

These measures certainly do not represent perfection in any sense of the word. They have not

solved the great power dilemma of our time. They have not made one world out of two.

But I believe that they are real milestones of accomplishment. They have set us well on the road we are seeking to travel. There are important lessons to be learned through what these programs have accomplished if we are but willing to learn.

The free peoples are demonstrating that power—material power—is on their side.

If we can but preserve our unity of spirit as well as our unity of action, we shall certainly better our chance of developing the sort of world climate in which all men can breathe freely.

This may not happen for years. It may not happen for generations. But it is the challenge of our time.

An eighteenth century philosopher once said:

Power is not happiness. Security and peace are more to be desired than a name at which nations tremble.

If we but heed that advice and use our power wisely and with moderation, I believe that we will achieve the genuine security and peace we seek.

Questions Involving Prisoners of War in Korea

U.S. URGES COMPLIANCE WITH CONVENTION ON PRISONERS OF WAR

Press release 582 dated July 24

The Department of State on July 23 requested the Soviet Government to use its good offices in an effort to obtain compliance by the North Korean and Chinese Communist regimes with the terms of the 1949 Geneva Convention relating to prisoners of war.

At the same time, the Department requested the International Committee of the Red Cross again to approach the North Korean and Chinese Communist authorities in an effort to bring about an agreement under which this convention can be applied by these regimes as it has been consistently applied by the U.N. Command since the beginning of Korean hostilities.

The action was taken as a result of the announced intention of the Chinese Communist regime to adhere, with reservations, to this and certain other Geneva conventions. This Chinese Communist decision was conveyed to the Swiss Government by the Minister of Communist China in Bern on July 16, 1952. The North Korean

regime declared on July 13, 1950, that it would abide by the convention relating to prisoners of war but has never done so.

The Department of State's request to the Soviet Government was contained in the following note which was delivered to the Soviet Foreign Office on July 23 by Ambassador George Kennan:

Early in the course of the Korean hostilities, on July 13, 1950, the North Korean authorities issued a declaration stating that they would strictly abide by the principles of the Geneva Convention in respect to prisoners of war. On July 16, 1952, the Chinese Communist authorities issued a declaration of intention to adhere, with certain reservations, to the Geneva Convention of August 12, 1949, for the protection of prisoners of war.

Up to the present time, the Chinese Communist and North Korean authorities have failed to observe the provisions of the Geneva Convention. More specifically, the following provisions which are of particular importance to the welfare of the personnel of the United Nations Command who are prisoners in North Korean and Chinese Communist hands have not been observed: inspection

of prisoner of war camps by an impartial international body has not been permitted (Article 126); relief parcels have not been delivered (Article 72); and prisoner of war camps have been placed in areas in proximity to military objectives, exposing the prisoners to danger of attack (Article 23).

The United Nations Command has consistently abided by the provisions of the Geneva Convention and has in good faith carried out the responsibilities laid upon belligerents by this convention.

It is, therefore, requested that in the interest of the accomplishment of the humanitarian objectives of the Geneva Convention, the Government of the Union of Soviet Socialist Republics use its good offices with the North Korean and Chinese Communist authorities, for the purpose of requesting them to observe the provisions of the Geneva Convention.

The following is the text of the Department's message delivered by the U.S. Consul General at Geneva on July 23 to the International Committee of the Red Cross:

In view of the announced intention of the Chinese Communist authorities to adhere with certain reservations to the Geneva Convention of 1949 for the protection of Prisoners of War, and in view of the statements of July 13, 1950, by the North Korean authorities that they would strictly abide by the provisions of the Convention in respect to prisoners of war, it is requested that the International Committee of the Red Cross again approach these authorities with a view to bringing about agreements under which this convention can be applied by the North Korean and Chinese Communist authorities as it has consistently been applied by the United Nations Command.

The Government of the United States has requested the Government of the Union of Soviet Socialist Republics to intercede with the Chinese Communist and North Korean authorities to bring about conditions under which this convention can be applied.

CHINESE COMMUNIST ASSERTION ON GENEVA CONVENTIONS

Press release 557 dated July 16

Asked whether he regarded the Red Chinese assertion that they were now prepared to adhere to the Geneva Conventions on Bacteriological Warfare and the Treatment of Prisoners of War as a forward step, Secretary Acheson made the following extemporaneous reply at his press conference on July 16:

Well, I would hope that it might be a forward step. All I can do is hope very feebly about it because they said in the early stages of the war

that they were going to abide by the same treaty which they now say they are going to adhere to. But they have not done it. They have not done any of the things which are called for in that treaty: The periodic publication of lists, the inspection by an international agency, the appointment of a protecting power, the notification of prisoners who are sick or wounded, the marking of prisoner of war camps.

You could go through the list of requirements of the treaty and you will find that none of them have been adhered to in practice, although they said at the outset that they were going to do so.

Now whether this means any more than what they have done in the past, I don't know.

SHIFT OF SOVIET POLICY ON PRISONER REPATRIATION

On June 21, Maj. Gen. William K. Harrison, Jr., chief U.N. truce negotiator at Panmunjon, made a statement before assembled truce negotiators which documented the fact that the Soviet Union on two occasions during World War II had endorsed voluntary repatriation of war prisoners. Since the issue of prisoner repatriation has been the chief obstacle to a truce in Korea, the statement is considered of prime importance as substantiation of the position consistently taken by U.N. truce negotiators.

Following is the text of General Harrison's statement:¹

Your side has violently opposed the humanitarian principle of no forced repatriation, the principle which underlies the firm position of the United Nations Command with respect to the exchange of prisoners of war. You have even expressed, more than once, your contempt for any nation which would support the principle of no forced repatriation. It may therefore come as a surprise to you if I inform you that this principle has been utilized by the Union of Soviet Socialist Republics, a nation for whom your governments have upon occasion expressed great admiration. Let me quote you some facts. On January 8, 1943, the Soviet Army Command addressed an ultimatum to the commander of the German troops surrounded near Stalingrad. To all those German officers and soldiers who would cease resistance this ultimatum guaranteed life and security, and, after the end of the war, their return to Germany or to any country the prisoners should desire to go.

This is not the only time that the Union of Soviet Socialist Republics indicated its implicit approval of the principle of freedom of choice for prisoners of war with regard to repatriation at the

¹ The documentary evidence on which the statement is based was made available to the Department of State by the Free Trade Union Committee of the American Federation of Labor.

end of hostilities. Upon another occasion the Soviet Government addressed an ultimatum to surrendering enemy troops in the Budapest area. This ultimatum guaranteed, among other things, (1) To the surrendering German military personnel—the return to Germany or to any other country after the end of the war; and (2) To the surrendering Hungarian military personnel—release to their homes after registration and questioning.

It might be of further interest to you to learn that in an official publication issued in 1951 by the Institute of Law of the Union of Socialist Soviet Republics' Academy of Sciences, the Soviet ultimatum addressed to the surrendering enemy troops in the Budapest area was described as an act expressing the highest act of humanitarianism.

Yet your side stubbornly opposes the principle of voluntary repatriation as incompatible with humanitarian objectives or with international rules or customs of warfare. You have cast aside

all pretense of humanity by demanding that the United Nations Command return to your side all the prisoners of war in its custody, driving them if necessary at the point of a bayonet. You even have the impertinence to document your position by referring to the Geneva Convention. What could be more ludicrous than your attempt to found your inhuman proposition upon an international agreement whose very purpose is to defend and protect the unfortunate victims of war?

The United Nations Command firmly adheres to the principles of humanity and the preservation of the rights of the individual. We will never barter the ideals which motivated us to oppose you on the field of battle. If you harbor the slightest desire for peace, you must demonstrate this sincerity by good faith which will determine the success of these negotiations. The United Nations Command wants peace. The question remains, do you?

The Economic Basis of Our Foreign Policy

by Willard L. Thorp
Assistant Secretary for Economic Affairs¹

You and I are continually being restricted unhappily by the limitations of our personal economic resources. We can never do or have all the things we want, and we are always being forced to make choices as to how to use such resources as we do have. Somehow we, with the aid or interference of other members of our families, must reach a decision as to what to have and what to do without, among such irresistible attractions as a trip to New York, a season's ticket to the symphony, an enlarged wardrobe, a new television set, or a larger contribution to the Community Chest. How far we can go in reaching our objectives, be they culture, or pleasure, or philanthropy, or old-age security is determined in large part by our economic resources and capabilities.

Metaphors are likely to be dangerous and must never be carried too far. Nevertheless, in this

case it can be said that nations are faced with the same problems as individuals. They too can never have or do all the things they want and are continually being forced to make choices as to how to use their limited resources. How much support should be given to housing or education or national defense or economic development or aid to veterans or public health—these are the sort of choices which nations must make. Like the case of the individual, the problem is not merely how best to use existing resources, but also how to find ways to increase them if possible. These two are interrelated. As income increases, the distribution of that income may change—percentage-wise more may go for education, for example, although no other activity is cut in actual amount.

When you and I come to make our choices, it is seldom that we do so without reference to other individuals. In today's world, the decisions made by nations likewise must take foreign policy relationships into account. We only need to think of the extent to which American resources since

¹ Address made before the Fourth Annual Conference on American Foreign Policy at Colgate University, Hamilton, N. Y., on July 28 and released to the press (No. 580) on the same date.

1914 have been utilized in support of our foreign policy to see its importance in our national allocation of resources.

Our international objectives are not all economic, by any means. In fact, our greatest expenditures since 1914 have been in fighting the thrust of aggression. Although our objectives may be stated in such terms as increased capability for defense, political stability, and international good will, the pursuit of these noneconomic ends usually leads fairly directly to the economic field, and depends in large part on the utilization and expansion of economic capacity by ourselves and by the various nations, on economic health and economic growth. We cannot escape from the basic fact that, when we as a Nation consider the uses to which our own resources shall be put, the support of our foreign policy becomes one of the essential claimants.

Necessity for European Recovery

Let us put this proposition in more specific terms. After the war it was apparent that that great economic workshop—Europe—was in bad shape. Four years ago we agreed with 18 European countries to give them assistance so that they might increase production, bring stability to their internal financial situations, expand their trade, and develop their foreign-earning capacity so that they could pay for their foreign requirements. We provided them with assistance under the Economic Recovery Program and their progress was extraordinary.

I think that there can be little doubt but that the recovery program would have achieved its purpose in the 4-year period had not new storm clouds darkened the sky. The failure of the Soviet Union to disarm after the war and the great emphasis placed on building further military strength, the seizure of Czechoslovakia, the addition of the atomic bomb to the Soviet arsenal, and finally the unconscionable attack on South Korea made it clear that the Politburo constituted an imminent danger to the free world. The North Atlantic Treaty, originating as a political instrument, is now the basis for an international organization aimed at strengthening the defenses of all of us.

For the recovering economies of Europe the burden of rearmament could not be easily undertaken, and once again we agreed to assist them in the new undertaking of defense. Today by far the largest part of our foreign aid is in the form of completed military equipment for the increasing number of their divisions. Yet our contribution covers only a fraction of the cost of defense, the remainder of which our allies must raise out of their own resources. Not only has the strain on their governmental budgets increased greatly, but the rise in raw material prices and the diversion of productive capacity from export

to armament have undercut their strenuous efforts to earn their own way. The sterling area suffered a tremendous loss in reserves, and its members as well as many other countries have had to cut back their foreign purchases drastically. Nations like individuals cannot long carry on beyond their resources. The North Atlantic Treaty Organization (NATO) has had to try to match up defense requirements and economic capabilities in such a way as to share the burden among the cooperating countries as equitably as possible. American aid has been an important element in making the NATO defense plan possible.

Since the end of the war the United States has continually given substantial assistance to other countries in one form or another in support of the objectives of our foreign policy. However, this is not a sound basis on which foreign relationships should be maintained indefinitely. There are times when individuals must be given aid, but it is standard social and psychological practice that the assistance should be directed toward making the individual independent once more. Similarly, the development of economic independence for all countries must be our international goal.

Looking ahead, it is evident that in strictly economic terms, there are only two solutions to this problem if defense assistance and economic aid to meet balance-of-payments difficulties are ultimately to disappear. The first is for us to reduce our exports or, to say it the other way around, for them to reduce their imports. This would have a direct impact upon our own economy, of course. Last year, we sent abroad one-half of our wheat, one-third of our cotton, one-fourth of our tobacco, and large quantities of other items ranging all the way from motion pictures to machine tools and medicines. In turn, failure to obtain these goods would greatly constrain the economies of other countries. This is the course of contraction. It is a possible course in economic terms, but it would not only reduce economic activity at home and abroad, it would be destructive of many other objectives in our foreign policy.

Further Tariff Reductions Needed

The other alternative is the only one which can be regarded as forward-looking and constructive, namely, for us to encourage other countries to send more goods to us so that they can then pay their own way. They are already under serious handicaps in trying to sell in this country, perhaps the greatest of which is the efficiency and competitive strength of our own producers. In addition, there are transportation costs and tariffs to pay. Our complicated import regulations themselves are a barrier. And successful distribution in the United States is a matter of specialized skill. Frequently, foreign enterprises cannot produce in quantities

necessary to break into a market of the size of ours. Nevertheless, this has been their effort and real progress has been made. When measured in quantity terms, imports are more than 40 percent above the prewar level, though much of this increase is in noncompetitive items.

In this area, I believe that our over-all foreign policy, directed at economic health and economic independence of the nations of the free world, requires certain supporting and specific economic policies. We must lower the barriers to our market. This means further tariff reductions. It means customs simplification. It means admitting a greater degree of foreign competition. When compared with our total national product, the amount involved is small. If we spent 2 percent more of our national income for foreign goods and services, it would mean not only an increase in our exports but much greater assurance of our receiving payment on our foreign investments. This is the path of expansion, and expansion rather than contraction has always been the American way.

I have been talking primarily about bringing our international affairs into balance and some of the choices which we must make in that field. Now I want to talk really about expansion. In many parts of the world this is the No. 1 economic necessity. In South America, in Asia, in Africa, peoples in many countries are demanding an escape from their abject poverty. In some cases they have thought that their plight was the result of foreign oppression and have demanded and achieved political independence. But the problem is still there, and the new and inexperienced governments are trying desperately to achieve rapid economic and social development. It is hard for many of us to visualize whole countries where starvation, disease, and illiteracy are ever present. These countries are breaking out of the traditional social and economic structures by which they have been bound for centuries. The future pattern is yet to be determined. One thing is certain, that there will be great changes.

Assistance to Underdeveloped Areas

Our foreign policy cannot disregard this situation. It has great political significance, for these countries exceed the industrialized nations in number, population, area, and natural resources. It has great economic significance, for they can provide markets for American goods and are essential sources for raw materials, about which the Paley Commission has so recently reported so great a future need.² A positive foreign policy toward economic development has roots in our own past. The development of our own country was greatly facilitated by foreign capital and skills, and we, in turn, have been helping other countries for

² For a summary of the International Materials Policy Commission report, see BULLETIN of July 14, 1952, p. 54.

many decades through many private philanthropic and religious organizations.

Our foreign policy therefore directs us to join in the great effort to accelerate the processes of economic development. To be sure, we can play only a supporting role. The countries themselves must be the chief actors. But we can furnish technical assistance, and we can help them to meet some of their requirements for capital. Much of this can be done through private channels. In fact, all that can be done should be done through private channels. But it remains the responsibility of the Government to see that we as a Nation give our strong support to the realization of the aspirations of the peoples in the underdeveloped areas.

There are those who seem to feel that the economic support required by our present foreign policy is threatening the economic health of our own country. To be sure, it is an immediate and substantial economic cost. Nevertheless, the fact remains that despite the assistance which the United States has given in the postwar period, our economy has not only been strong but has become even stronger. We have seen new capital investment and personal savings at unprecedented peacetime levels. We have seen a further rise in our standard of living. This has been the record even during the period of our accelerated armament expansion, a process which has put a far greater burden on our national budget and our productive capacity than the goods which we have shipped abroad in the form of assistance.

But the real question is one of alternatives. Is it of value to use a small part of our resources in support of our foreign policy? If we cut out all defense and economic assistance, we could reduce current tax levels by something like 10 percent. If we continued the production of military equipment now destined for other countries and put it into our own military depots, the tax benefit would be greatly reduced but our own rearmament would be accelerated. On the other side, such an action would not only cripple the military programs of the NATO, but its economic effects would be severe, no small part of which would fall upon the sectors in our own economy which produce for export.

The assistance which we give to rearmament and to economic health and economic growth operates under the multiplier principle. For example, cotton which we sent to Germany in 1949 put to work textile mills and textile workers who would otherwise have been idle. The result was a quantity of textile products which far exceeded the value of the original raw material. Without American coal during the postwar years, many European factories would have been completely idle. The influence of our assistance in increasing the effective use of resources in other countries is usually much more important than the contribution of its own direct value. The effect therefore is not one of simple addition but rather of multiplication. If this process of extension is true in the economic

field itself, it is even more true of the contribution made indirectly to the noneconomic elements in our foreign policy. Take away the economic underpinning, and I hate to think of the difficulties which would be created in our political and security relationships.

I have been talking about our foreign policy and its economic underpinnings in extremely broad terms. However, as one who has been actively engaged in the actual operation of foreign policy for more than 7 years, I must point out that even though general policy lines may seem to be clear, the day-to-day problems involve specific choices which frequently involve conflicts among various foreign policy objectives, domestic interests, and local pressures. Many different considerations—political, military, legal, economic—have been involved in determining our attitude in recent months toward Iran.

The foreign exchange decree of last January in Brazil raised a host of problems beyond its own narrow area. The problem of the purchase of tin has been more than a simple question of price. In the midst of specific and so-called special situations, it is easy to become short-sighted, although perspective is clearly a fundamental requirement.

As one looks at these many specific problems, it becomes apparent that, in the process of trying to build economic strength in the free world and in utilizing resources for common purposes, there is more involved than merely a series of immediate economic calculations. International relations are not built merely upon actions but also upon assurances. Sometimes these may take formal form, such as the common-defense-against-attack assurance in the North Atlantic Treaty. Sometimes, as in the case of our policy to lower trade barriers, they rest upon the multiple effect of declarations and actions such as the 18-year-old reciprocal trade agreement program and the ECA efforts to encourage Europeans to seek to sell more in the U.S. market.

You and I must make certain assumptions in making our choices today—perhaps that our source of income will not suddenly disappear, that we will or will not have any more children, that prices will or will not rise any further, that there will or will not be greater opportunities for purchasing in the future than today. We watch with eagerness for signs to indicate how our assumptions, based on the past, should be modified with respect to the future.

Dangers of Restrictive Trade Policies

Again, this holds true for nations. That is why any deviation becomes so important and so dangerous. The great concern in other countries over the action of the Congress in restricting imports of cheese far exceeded the importance of the trade in cheese itself. The question to them was—"Is this a sign of rising protectionism in the United States?" To be sure, virtually every Congress-

man who supported the restrictive action took the line that he "believed in liberal trade policies but, in this specific case etc., etc." However, it planted a doubt in the mind of the European businessman. "If I succeed in selling in the American market, may I not find new barriers suddenly raised against my product?" A small number of such actions, by weakening the important element of assurance as to American commercial policy, could more than offset all the manifold consistent actions directed at lowering trade barriers of the previous 5 years.

Unfortunately, there are other illustrations of this same point. Our programs of assistance have not always given to other countries the kind of assurance that they should. In 1947 the 80th Congress refused even to consider the Administration's proposal for an assistance program to help South Korea make itself economically self-supporting, and in January 1950, the Congress delayed and then voted down a new proposal by the Administration for Korean economic aid.

Even though we had already given South Korea a substantial amount of assistance, and although Congress finally reversed its position, I have no doubt but that the actions of the 80th and 81st Congresses with respect to South Korea in this critical period contributed greatly to the notion that we had no real interest or concern for that unfortunate country.

One more illustration lies in the field of East-West trade. American policy now for several years has restricted the export to the U.S.S.R. and her satellites of any products which might contribute to the Soviet bloc military potential. Most other countries in the free world have followed a similar general policy, but a very small amount of trade in quasi-strategic goods still persists, either because of contracts made some years ago or because the sale of a limited amount of some commodity would bring items in exchange which were even more essential to the country involved, such as coal, lumber, or fertilizer.

American legislation known as the Battle Act declares that if there is a shipment of strategic materials to the Soviet bloc by some other country, American aid to that country must be terminated, unless the President determines and reports to Congress that an exception should be granted in the interest of our national security. But the discouraging fact is that, despite the existence of this legislation and the great progress which has been made in achieving its purpose, many Congressmen at the last session seemed to favor the adoption of the Kem Amendment, which would remove all flexibility from this area and require automatic termination of aid, regardless of the circumstances. The amendment failed on procedural grounds. But had it passed, it would have denied all our efforts to make the defense of the free world a joint and cooperative effort, and it would have given this one objective, obviously very limited in its

possible effects, absolute priority over the much more basic objectives of our foreign policy to build a common defense and to develop economic strength. In fact, such dictation to other countries could easily pull down our whole foreign policy position. Here again, an action of limited economic significance might have had devastating effects on far broader political and security objectives.

We cannot avoid having a foreign policy. It may be one of constructive action or one of dead-handed passivity. Whatever it may be, it is tremendously important to each of us, and to the free world. It will be a major element in determining the future pattern of the world in which we and our children will live. I cannot believe that we as a Nation will stand aside. The world is too small for that.

The effectiveness of our foreign policy depends in large part upon how we utilize our vast economic resources. And, in turn, the effectiveness of the economic instruments will depend not only upon the broad lines of our policy but upon the consistency with which we follow our objectives in each specific situation. We will gain nothing—in fact we will seriously damage our position—by statements of high objectives and professions of international responsibility, if in the process of carrying them out we permit them to be undercut by partisan groups or narrow economic interests. The danger that we look at each problem solely within its own narrow limits is particularly present in the economic field. Rather, we must keep our broad purposes always clearly in our minds. We must present the world with such a consistent performance in the economic field day after day and year after year that the economic underpinnings will provide that solid strength required of any lasting foundation. On it we can build a foreign policy of constructive action.

Peaceful Unification of Germany Is U.S. Objective

Address by John J. McCloy¹

It is easy for those of us who live in freedom to speak resounding phrases to those who are not free. In the West it is simple for us to make promises, but in the East it is bitter for you when hopes are disappointed. For that reason I shall try to speak with restraint today.

Very soon, after serving 3 years as U.S. High Commissioner for Germany, I shall return home. Shortly thereafter my successor will arrive in Germany. It would be unthinkable for me, however, to leave Germany without talking over RIAs to you. What I shall say to you is what all

¹ Made over Radio Station RIAS in Berlin on July 11 and released to the press by the Office of the High Commissioner for Germany on the same date.

Americans would say if they could speak for themselves today.

First of all, millions of people in the free world feel gratitude and admiration for you—men, women, and young people—in recognition of the steadfast endurance you are displaying against Communist dictatorship. We know the hardships this entails and the limitations it produces. Your determination to gain freedom gives us determination to protect it where it exists and to try to extend it where it is suppressed.

The free world knows that most of you are not in a position to put up militant resistance. We know, however, that among millions in the East sector and in the East zone there is a deep religious and spiritual resistance and that you will not give in to the pressures and threats against you. Since in your hearts and minds you will never accept dictatorship and its concepts, you are already on the road to freedom. The day will come when you will be united in peace and freedom with the rest of Germany and the rest of Europe.

The Force of History

There are deep reasons for this belief. It is the logic of modern history that the peoples living in the area of the East zone and of the Federal Republic belong together. Just as Hitler's brutal attack on the East flaunted the lessons of history and led to the slavery in which you now live, so does history prove that other peoples cannot for long rule over Germans in areas where the Germans should rightly rule themselves.

The force of history is such that right must and will replace wrong, and it is right for Germany to be united in freedom.

There is a second reason why the present enslavement of the East zone cannot last. In our modern world, dictatorship over foreign peoples has had only temporary success. It is never lasting—no more than Hitler's was. Soviet dictatorship over non-Russians is also bound to end. There is no reason why it should not end peacefully. It is unnatural and impossible for the Soviet rulers long to continue their rule over the Germans, the Poles, the Czechs, and many other peoples who seek freedom.

There is another reason why freedom in peace will come. That is the solid growth of the European-Atlantic community.

During the past year, free peoples of Europe and the world have been coming together to pool their resources and manpower, to unite their purposes and their defenses so that the Communist aggressors will hesitate to move against them. By its nature and intent this community is nonaggressive, and no nonaggressor need ever fear it.

The European-Atlantic community, however, is more than a defense community; it is and will become increasingly a strong economic, political,

and psychological center of attraction. It will exert peaceful influence everywhere. Inevitably this peaceful community will attract all peoples who seek freedom.

The day will come when the Kremlin will be unable to withstand this natural, powerful but peaceful pressure. It will some day recognize that in place of sham peace campaigns, instead of disruptive moves to weaken the free peoples, an honest peace with the free world will better serve Russia's interests.

An honest peace must have certain conditions. One of them is the unification in peace and freedom of Germany. It is a firm basis of American policy that the German people should be united, and that we should do everything possible to aid that unification. We have set forth that pledge in the contractual agreements, and we mean it. We mean it because the peaceful unification of Germany in freedom will help bolster peace throughout the world.

In the coming weeks there may be more exchanges of notes or talk of preliminary investigation of election conditions in the East zone. We shall take every honest step to achieve free elections and unification. We shall not, however, allow ourselves to be trapped by Soviet threats and tactics. We shall not falter in our firm advance toward the erection of a strong, united European community. We know that the people of the East zone desire and support this policy.

Berlin—The Symbol of German Unity

There is another Allied policy which, I am certain, has the ardent backing of the people of the East zone. And that is unflinching, firm support for West Berlin.

The American people are giving important aid to the economy of Berlin to counteract Soviet strangulation efforts against the brave people of that city. You know of the guarantees which Britain, France, and the United States have given to Berlin. They were only recently repeated by Secretary Acheson on his recent visit to Berlin.² The reason for the association of the West with the fate of Berlin is clear. Berliners have made their city a symbol of freedom for the entire world and Berlin is the symbol of German unity.

Freedom and unification of the people of Germany will not be a threat to the peoples in the satellite nations now living under Soviet domination. Freedom for those peoples—the Poles, the Czechs, the Hungarians, the Rumanians, and others—will not be a threat to Germany. The blood- and tear-stained history of Eastern Europe in the last century is a warning to us all. I believe that the German people and the Slavic peo-

² For text of the Secretary's remarks on this occasion, see BULLETIN of July 7, 1952, p. 3.

ples must live together in respect and friendship; that they must never again allow hatred to guide their affairs. There is room enough in Central and in Eastern Europe for all; there is only one way for all peoples, and that is tolerance and peace among them.

My final words are directed to the youth of the East zone. The young men and women, the boys and girls of the East zone are certain to see the day of German unification in freedom and peace. The fact that you will be free citizens of a free Europe imposes obligations on you.

We know that a majority of the young people of the East zone, despite the blue shirt that many of you must wear, seeks the free way of life. You have a special responsibility not to allow yourselves to be misused against the best interests of a united Germany and a United Europe. It is not the shirt you wear but the things you do that is important. I repeat, do not allow yourselves to be misused against your parents, your neighbors, and against your comrades in the free world.

The day is coming when all of us will live together in greater prosperity, and in peace and freedom.

Resignation of John J. McCloy

Press release 561 dated July 18

The President announced on July 18 that John J. McCloy, U.S. High Commissioner for Germany, has asked to be relieved of his responsibilities as High Commissioner for personal reasons. Mr. McCloy is expected in Washington for consultation around July 28, 1952. His resignation is to become effective July 31, 1952.

The President, in regretfully accepting Mr. McCloy's decision, expressed his great personal appreciation for the outstanding contribution Mr. McCloy has made in bringing the Federal Republic of Germany into the family of free nations and in the development of friendly relations between the United States and the Federal Republic of Germany.¹

The President appointed Ambassador Walter J. Donnelly, who is presently serving as U.S. High Commissioner for Austria, as the new U.S. High Commissioner for Germany. Mr. Donnelly is expected to assume his new duties around August 1, 1952.

The President also appointed as American Ambassador to Austria and U.S. High Commissioner for Austria, Llewellyn E. Thompson, Jr. Mr. Thompson has been assigned as counselor of Embassy at Rome with the rank of Minister since June 1950.

¹ For texts of Mr. McCloy's letter of resignation and the President's reply, see White House press release of July 18.

U.S.-German Educational Exchange Agreement

Press release 567 dated July 18

The Federal Republic of Germany on July 18 signed an agreement with the United States putting into operation the program of educational exchanges authorized by the Fulbright Act. The signing took place at Bonn with Chancellor Konrad Adenauer representing the Federal Republic of Germany, and U.S. High Commissioner John J. McCloy representing the Government of the United States.

The agreement provides for an annual expenditure not to exceed the equivalent of \$1,000,000 in deutschemarks for a period of 5 years to finance exchanges between that country and the United States for purposes of study, research, or teaching. The program will be financed from certain funds made available by the U.S. Government resulting from the sale of surplus property to the Federal Republic of Germany.

All recipients of awards under this program are selected by the Board of Foreign Scholarships, appointed by the President of the United States.

Under the terms of the agreement, a U.S. Educational Commission in the Federal Republic of Germany will be established to assist in the administration of the program. The Board of Directors of the Commission will consist of 10 members, 5 of whom are to be Germans having their permanent residence in the Federal Republic of Germany and/or the Western section of Berlin, and 5 of whom are to be citizens of the United States.

After the members of the Commission have been appointed and a program formulated, information about specific opportunities will be made public.

Termination of U.S.-Turkish Trade Agreement

Press release 566 dated July 18

The reciprocal trade agreement concluded between the United States and Turkey in 1939 will be terminated by mutual consent as of August 4, 1952. This action was taken in view of the fact that Turkey has become a contracting party to the General Agreement on Tariffs and Trade to which the United States is also a party. Since October 17, 1951, when Turkey's accession became effective, the terms of the General Agreement have governed trade relations between that country and the United States. Pursuant to U.S. policy of superseding existing bilateral agreements as countries parties thereto become contracting parties to the

General Agreement on Tariffs and Trade, steps for terminating the bilateral agreement were taken while Turkey was negotiating for accession to the General Agreement.

The termination of the 1939 agreement will cause no changes in tariff rates.

Termination of the 1939 agreement was effected by an exchange of notes between the two Governments at Ankara. The notes were signed by both Governments on July 5. The text of the notes will be published at a later date.

A proclamation was signed by the President on July 18 terminating on August 4, 1952, two Presidential proclamations, dated April 5, 1939, and November 30, 1939, which proclaimed the United States-Turkish trade agreement.

The text of the proclamation follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION¹

1. WHEREAS, under the authority vested in him by section 350 (a) of the Tariff Act of 1930, as amended by the Act of June 12, 1934, entitled "An Act to amend the Tariff Act of 1930" (48 Stat. 943), which amending Act was extended by Joint Resolution of Congress, approved March 1, 1937 (50 Stat. 24), the President of the United States entered into a trade agreement with the President of the Turkish Republic on April 1, 1939 (54 Stat. 1871), and proclaimed such trade agreement by proclamations of April 5, 1939 (53 Stat. 1870) and November 30, 1939 (54 Stat. 1896);

2. WHEREAS the Government of the United States of America and the Government of the Republic of Turkey have agreed to terminate the said trade agreement effective August 4, 1952;

3. WHEREAS the said section 350 (a) of the Tariff Act of 1930 authorizes the President to terminate in whole or in part any proclamation carrying out a trade agreement entered into under such section;

Now, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, acting under and by virtue of the authority vested in me by the constitution and the statutes, including the said section 350 (a) of the Tariff Act of 1930, as amended, do hereby proclaim that the said proclamations dated April 5, 1939 and November 30, 1939, shall terminate August 4, 1952.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this 18th day of July, 1952 in the year of our Lord nineteen hundred and fifty-two, and of the Independence of the United States of America the one hundred and seventy-seventh.



By the President:

DEAN ACHESON
Secretary of State

¹ No. 2982 (17 Fed. Reg. 6605).

U.S.-S. African Tax Conventions and Protocols Enter Into Force

Press release 555 dated July 15

On July 15, 1952, the Secretary of State and the Ambassador of the Union of South Africa at Washington met and exchanged the instruments of ratification of the two Governments with respect to certain tax conventions and protocols between the United States and the Union of South Africa, as follows: (a) the convention of December 13, 1946, for the avoidance of double taxation with respect to taxes on income and the protocol of July 14, 1950, supplementary thereto; (b) the convention of April 10, 1947, for the avoidance of double taxation with respect to taxes on the estates of deceased persons and the protocol of July 14, 1950, supplementary thereto.

Upon the exchange of the instruments of ratification the two conventions and the related supplementary protocols entered into force in accordance with their respective terms.

The Senate, on September 17, 1951, gave its advice and consent to the ratification of the conventions and protocols. Senate approval of the income-tax convention and protocol was made subject to a reservation affecting article II (3) of the protocol and an understanding affecting article XV of the convention as amended by the protocol. Senate approval of the estate-tax convention and protocol was made subject to an understanding affecting article VIII of the convention as amended by the protocol. The reservation and the understandings were accepted by the Union of South Africa. On December 14, 1951, the President ratified both conventions and their related protocols. A proclamation with respect to the entry into force of each of the conventions and its related protocol will be issued by the President.

Agreement With Canada for Allocation of TV Channels

Press release 563 dated July 18

The Governments of the United States and Canada have recently concluded an agreement covering the allocation of television channels along the U.S.-Canadian border.

The agreement concerns itself with the assignment and utilization of 82 television channels between 54 and 890 megacycles within an area of 250 miles on either side of the border between the United States and Canada and establishes certain technical requirements relating to the position, power, and equipment of the television channels falling within the 250 mile radius. Provision is made for changes in frequency assignments and continuous cooperation between the appropriate

agencies of the two Governments to minimize interference and obtain the maximum efficiency in the use of television channels.

The agreement reflects the results of several conferences between officials of the Federal Communications Commission of the United States and officials of the Department of Transport of Canada. Agreement was effected by an exchange of notes between Ambassador Stanley Woodward of the Embassy at Ottawa and the Secretary of State for External Affairs of Canada. The U.S. note was dated April 23, 1952, and the Canadian note was dated June 23, 1952.

U.S.-Venezuelan Trade Agreement Negotiations

Press release 549 dated July 14

Delegations representing the Governments of the United States of Venezuela and of the United States of America have been meeting at Caracas since April 18 for the purpose of negotiating a revision of the reciprocal trade agreement which has been in effect between the two countries since 1939. Notwithstanding the careful preparation prior to the negotiations, their very nature, involving many items of trade, has required lengthy discussion and detailed analysis by both sides.

Agreement has been reached on much of the matter under discussion, and both Governments are hopeful that the negotiations may be successfully concluded in due course.

It had been agreed that the initial phase of the negotiations would be conducted at Caracas but that additional negotiations would take place at Washington, after which signature of the agreement would take place at Caracas.

In accordance with the plan previously agreed upon, the two Governments have decided that the time is now appropriate to carry out the next phase of the negotiations at Washington.

Revocation of Suspension of Duties on Lead and Zinc

A PROCLAMATION¹

WHEREAS the import duties imposed under paragraphs 391 and 392 of the Tariff Act of 1930, as amended, on lead-bearing ores, flue dust, and mattes of all kinds, lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead, antimonial lead, and antimonial scrap lead have been suspended by Public Law 257, 82d Congress, approved February 11, 1952, with respect to imports entered, or withdrawn from warehouse, for consumption during the period beginning February 12, 1952, and ending with the close of March 31, 1953, or the

¹ No. 2979 (17 Fed. Reg. 5785).

termination of the national emergency proclaimed by me on December 16, 1950, whichever is earlier;

WHEREAS the said Public Law 257 contains the following proviso:

Provided, That when, for any one calendar month during such period [of suspended duties], the average market price of common lead for that month, in standard shapes and sizes, delivered at New York, has been below 18 cents per pound, the Tariff Commission, within fifteen days after the conclusion of such calendar month, shall so advise the President, and the President shall, by proclamation, not later than twenty days after he has been so advised by the Tariff Commission, revoke such suspension of the duties imposed under paragraphs 391 and 392 of the Tariff Act of 1930, such revocation to be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption after the date of such proclamation;

WHEREAS, on the fifth day of June, 1952, the Tariff Commission reported to me that it has found that the average market price of common lead for the month of May 1952, in standard shapes and sizes, delivered at New York, has been below 18 cents per pound:

Now, THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, pursuant to the said proviso of Public Law 257, 82d Congress, do hereby proclaim the revocation of the suspension of duties provided for in the said Public Law 257, such revocation to be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption after the date of this proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

DONE at the City of Washington this 25th day of June in the year of our Lord nineteen hundred and [SEAL] fifty-two, and of the Independence of the United States of America the one hundred and seventy-sixth.

By the President:
DAVID BRUCE,
Acting Secretary of State.

A PROCLAMATION²

WHEREAS the import duties on zinc-bearing ores imposed under paragraph 393 of Title I of the Tariff Act of 1930, as amended, and on zinc in blocks, pigs, and slabs imposed under paragraph 394 of such title, have been suspended by Public Law 258, 82d Congress, approved February 11, 1952 (66 Stat. 7), with respect to imports entered, or withdrawn from warehouses, for consumption during the period beginning February 12, 1952, and ending with the close of March 31, 1953, or the termination of the national emergency proclaimed by me on December 16, 1950, whichever is earlier;

WHEREAS the said Public Law 258 contains the following proviso:

Provided, That when, for any one calendar month during such period, the average market price of slab zinc (Prime Western, f. o. b. East St. Louis) for that month has been below 18 cents per pound, the Tariff Commission, within fifteen days after the conclusion of such calendar month,

² No. 2983 (17 Fed. Reg. 6835).

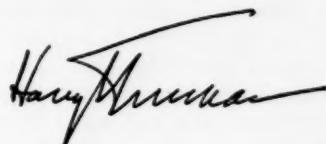
shall so advise the President, and the President shall, by proclamation, not later than twenty days after he has been so advised by the Tariff Commission, revoke the suspension of duties made by this Act, such revocation to be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption after the date of such proclamation;

AND WHEREAS on the third day of July 1952 the Tariff Commission reported to me that it has found that the average market price of slab zinc (Prime Western, f. o. b. East St. Louis) for the month of June 1952 was below 18 cents per pound:

NOW THEREFORE, I, HARRY S. TRUMAN, President of the United States of America, pursuant to the said proviso of Public Law 258, 82d Congress, do hereby proclaim the revocation of the suspension of duties provided for in the said Public Law 258, such revocation to be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption after the date of this proclamation.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the City of Washington this 23rd day of July in the year of our Lord nineteen hundred and [SEAL] fifty-two, and of the Independence of the United States of America the one hundred and seventy-seventh.



By the President:
DEAN ACHESON,
Secretary of State.

Proposal To Move Israel Foreign Office to Jerusalem

Press release 576 dated July 22

The following is the text of an aide-mémoire concerning the proposed move of the Israel Foreign Ministry from Tel Aviv to Jerusalem which was delivered by the Embassy at Tel Aviv to the Israel Government on July 9, 1952:

The Government of the United States has noted with concern the decision and announcement of the Israel Government on May 4, 1952, to move the Foreign Office to Jerusalem.

The Government of the United States has adhered and continues to adhere to the policy that there should be a special international regime for Jerusalem which will not only provide protection for the holy places but which will be acceptable to Israel and Jordan as well as the world community.

Since the question of Jerusalem is still of international importance, the U.S. Government believes that the United Nations should have an opportunity to reconsider the matter with a view to devising a status for Jerusalem which will satisfy

factorily preserve the interests of the world community and the states directly concerned. Consequently, the U.S. Government would not view favorably the transfer of the Foreign Office of Israel to Jerusalem.

The Government of the United States also wishes to convey that in view of its attitude on the Jerusalem question, it has no present intention of transferring the Ambassador of the United States and his staff to Jerusalem.

U.S. Private Agencies Supply Aid to India

Press release 574 dated July 22

The Advisory Committee on Voluntary Foreign Aid of the Department of State reported on June 22 that during the 12 months' period ending June 30, 1952, relief supplies valued at upward of \$750,000 have gone forward to India as donations from U.S. private sources.

The forwarding and distribution of these supplies have been facilitated by the U.S. and the Indian Governments. The cooperation of these Governments and the participating voluntary agencies was furthered by an agreement authorized by the India Emergency Food Aid Act of 1951. This Act, in addition to the authorization of a loan to the Indian Government for the purchase of American grain to meet the food emergency in India, permitted the United States to reimburse the voluntary agencies for the ocean freight charges for the transport of their supplies from U.S. ports to ports of entry in India.

The Indian Government for its part permitted the goods to enter without payment of duty charges or other taxes and provided inland transport of the supplies to the points of consumption where they were distributed on the basis of need and without cost to the recipient. The voluntary program carried out through this cooperation was an effective demonstration of its value as a supplement to the Indian Government's program of food rationing.

The American relief groups which have carried on relief activities in India under this arrangement were Church World Service, War Relief Services—National Catholic Welfare Conference, CARE, American Friends Service Committee, Lutheran World Relief, and the Mennonite Central Committee. Urgently needed food, much of which was donated by American farmers, comprised the major portion of the total, but distri-

bution also included significant quantities of medical supplies and hospital equipment, agricultural equipment, such as small plows and other implements which the recipients could use in producing food. The total also includes administrative supplies of the voluntary relief agencies, such as jeeps and office equipment, to make possible effective distribution. This distribution was carried out by American representatives of the agencies in close cooperation with the Indian authorities and local welfare groups.

These gifts represented contributions from persons in all sections of the United States and from all segments of the population. It was an expression of good will on behalf of the American people for the people of India.

U.S.S. "Courier" Sails for Island of Rhodes

Press release 569 dated July 19

The International Information Administration announced on July 19 that the Voice of America's first seagoing broadcasting station, the U. S. Coast Guard Cutter *Courier*, sailed Thursday, July 17 for the island of Rhodes in the Eastern Mediterranean on its initial assignment as a floating relay base for programs in the Near East and Iron Curtain languages.

Wilson Compton, administrator of the United States International Information Administration said that, "The sailing of the *Courier* marks another phase of our effort to reach more people behind the Iron Curtain." It follows the opening last fall of a programming center in Munich, Germany, which is now broadcasting an hour and 30 minutes a day in five Iron Curtain languages. In addition, it continues to relay broadcasts originating in New York.

The 338-foot *Courier* recently returned from a 6 weeks' shake-down cruise in the Caribbean where tests proved it to be one of the most versatile means thus far developed to promote the U.S. Campaign of Truth. During the extended tests in the Canal Zone its medium wave transmitter was heard clearly throughout the Caribbean and its two short-wave transmitters as far away as Europe and New Zealand.

En route to Rhodes, the *Courier* will make courtesy visits at Tangier about August 1; Gibraltar, August 2; Naples, August 9; and Piraeus, August 18.

Calendar of Meetings¹

Adjourned During July 1952

| | | |
|--|-----------------------------|-----------------|
| Universal Postal Union, 13th Congress | Brussels | May 14-July 12 |
| UN (United Nations): | | |
| Trusteeship Council: 11th Session | New York | June 3-July 25 |
| FAO (Food and Agriculture Organization): | | |
| European Forestry and Forest Products Commission: Meeting of Working Group on Torrent Control and Protection from Avalanches. | Nice | June 28-July 8 |
| Meeting on Home Economics and Education in Nutrition (FAO-Caribbean Commission). | Port-of-Spain | June 30-July 5 |
| International Philatelic Exhibition | Utrecht | June 28-July 6 |
| Icao (International Civil Aviation Organization): | | |
| 4th Special Meeting of Rules of the Air and Traffic Services Committee—European-Mediterranean Region. | Paris | June 30-July 9 |
| International Commission for the Northwest Atlantic Fisheries: 2d Annual Meeting. | St. Andrews, New Brunswick. | June 30-July 10 |
| International Wheat Council: 10th Session | London | July 1-11 |
| Fifteenth International Congress on Public Education | Geneva | July 7-16 |
| Sixth International Congress for Animal Husbandry | Copenhagen | July 9-14 |
| ITU (International Telecommunication Union): | | |
| Conference for Revision of Bermuda Telecommunications Agreement. | London | July 9-21 |
| WMO (World Meteorological Organization): | | |
| Commission for Maritime Meteorology, 1st Meeting of | London | July 14-26* |
| Third Meeting of the Sub-Group of the Intersessional Working Party on the Reduction of Tariff Levels of Contracting Parties to GATT. | Geneva | July 15-26 |
| International Soil Fertility Meeting | Dublin | July 21-31 |

In Session as of July 31, 1952

| | | |
|--|--------------------------|----------------|
| International Materials Conference | Washington | Feb. 26, 1951- |
| International Conference on German Debts | London | Feb. 28- |
| UN (United Nations): | | |
| Economic and Social Council: | | |
| 14th Session of Council | New York | May 20- |
| Economic Commission for Asia and the Far East: | | |
| Working Party on Small Scale Industries and Handicrafts Marketing: 2d Meeting. | Bangkok | July 28- |
| Twenty-sixth Biennial International Exhibition of Art | Venice | June 14- |
| UNESCO (United Nations Educational, Scientific and Cultural Organization): | | |
| International Center for Adult Education—Workers' Education | Paris | July 12- |
| Eighteenth Conference of the International Red Cross | Toronto | July 23- |
| Eighth General Assembly of the Inter-American Commission of Women | Rio de Janeiro | July 23- |
| PAIGH (Pan American Institute of Geography and History): | | |
| 3d Consultation on Geography | Washington | July 25- |

Scheduled August 1-October 31, 1952

| | | |
|--|-------------------------------------|-----------|
| Inter-American Seminar on Vocational Education | University of Maryland | Aug. 2- |
| UNESCO (United Nations Educational, Scientific and Cultural Organization): | | |
| Seminar on Education in World Citizenship, especially in Human Rights. | Woudschoten, Zeist, Netherlands. | Aug. 3- |
| International Conference to Negotiate a Universal Copyright Convention. | Paris | Aug. 18- |
| Seminar on Museums | New York | Sept. 15- |
| International Congress of the Arts | Venice | Sept. 21- |
| First Australian-New Zealand—United States Council Meeting (ANZUS) | Kaneohe, Oahu, T. H | Aug. 4- |
| International Conference on Agricultural and Cooperative Credit | University of California, Berkeley. | Aug. 4- |
| Thirteenth International Exhibition of Cinematographic Art | Venice | Aug. 8- |
| Eighth General Assembly of the International Geographical Union | Washington | Aug. 8- |
| Fourth World Assembly of the World Organization for Early Childhood Education. | México, D. F | Aug. 11- |
| International Radio Scientific Union: 10th General Assembly | Sydney | Aug. 11- |
| Sixth International Edinburgh Film Festival | Edinburgh | Aug. 17- |
| Sixth International Grassland Congress | State College, Pennsylvania. | Aug. 17- |

¹ Prepared in the Division of International Conferences, Department of State, July 25, 1952.

*Tentative dates.

Calendar of Meetings—Continued

Scheduled August 1–October 31, 1952—Continued

| | | |
|--|--|-----------|
| Fourth International Congress of Onomastic Sciences | Uppsala | Aug. 18- |
| International Championships for 1952 Military Pentathlon | Brussels | Aug. 18- |
| UN (United Nations): | | |
| Commission on Prisoners of War: 3d Session | Geneva | Aug. 25- |
| Ad Hoc Committee on Factors (Non-Self-Governing Territories) | New York | Sept. 3- |
| Committee on Information from Non-Self-Governing Territories | New York | Sept. 11- |
| General Assembly Committee on Administrative Unions | New York | Sept. 23- |
| General Assembly: 7th Session | New York | Oct. 14- |
| UN Ecosoc: | | |
| Economic Commission for Asia and the Far East: | | |
| Inland Transport Committee, Highway Subcommittee: 1st Session | Bangkok | Aug. 18- |
| 2d Regional Conference of Statisticians | Bangkok | Sept. 1- |
| Inland Transport Committee, Inland Waterway Subcommittee | Bangkok | Sept. 16- |
| Working Party of Experts on Mobilization of Domestic Capital | Bangkok | Sept. 22- |
| Subcommittee on Electric Power | Bangkok | Oct. 14- |
| Inland Transport Committee, Railway Subcommittee: 1st Session | Bangkok | Oct. 20- |
| Seminar on Power Alcohol | Lucknow | Oct. 23- |
| ICAO (International Civil Aviation Organization): | | |
| Aeronautical Information Services Division: 1st Session | Montreal | Aug. 19- |
| Special Diplomatic Conference to Conclude a Convention on Damage Caused by Foreign Aircraft to Third Parties on the Surface | Rome | Sept. 9- |
| Statistics Division: 2d Session | Montreal | Sept. 16- |
| Aerodromes, Air Routes and Ground Aids Division: 5th Session | Montreal | Oct. 21- |
| International Wine Office, 32d Plenary Session of the Committee | Freiburg | Aug. 19- |
| ITU (International Telecommunication Union): | | |
| International Radio Consultative Committee (CcIR): Study Group X | Geneva | Aug. 20- |
| Telecommunication Plenipotentiary Conference | Buenos Aires | Oct. 1- |
| International Union of Theoretical and Applied Mechanics: 2d Assembly | Istanbul | Aug. 25- |
| Forty-first General Assembly of the Interparliamentary Union | Bern | Aug. 28- |
| Fourth International Congress of Anthropological and Ethnological Sciences | Vienna | Sept. 1- |
| International Bank for Reconstruction and Development—and Inter- national Monetary Fund: 7th Meeting of Boards of Governors | México, D. F. | Sept. 3- |
| International Astronomical Union: 8th General Assembly | Rome | Sept. 4- |
| Seventh International Congress and Exposition of Photogrammetry | Washington and Dayton | Sept. 4- |
| Nineteenth International Geological Congress | Algiers | Sept. 8- |
| Thirteenth International Horticultural Congress | London | Sept. 8- |
| ILO (International Labor Organization): | | |
| Chemical Industries Committee: 3d Session | Geneva | Sept. 9- |
| Petroleum Committee: 4th Session | Scheveningen | Oct. 14- |
| WMO (World Meteorological Organization): | | |
| 3d Session of the Executive Committee | Geneva | Sept. 9- |
| PASO (Pan American Sanitary Organization): | | |
| 17th Meeting of the Executive Committee | Habana | Sept. 10- |
| 6th Session of the Directing Council—and 4th Regional Committee of the World Health Organization | Habana | Sept. 15- |
| 18th Meeting of the Executive Committee | Habana | Sept. 25- |
| Fourth Meeting of the International Scientific Committee for Trypa- nosomiasis Research: | | |
| FAO-ECLA Central American Seminar on Agricultural Credit | Lourenço Marques (Mo- zambique) | Sept. 10- |
| Fourth International Congress of African Tourism | Guatemala City | Sept. 15- |
| Twenty-first International Congress for Housing and Town Planning | Lourenço Marques | Sept. 15- |
| International Council for Exploration of the Sea | Lisbon | Sept. 21- |
| Committee on Improvement of National Statistics: 2d Session | Copenhagen | Sept. 29- |
| Fourth Meeting of the Executive Board of the International Council of Scientific Unions | Ottawa | Sept. 29- |
| FAO (Food and Agriculture Organization): | | |
| Technical Advisory Committee on Desert Locust Control: 2d Meeting | Rome | Sept. |
| Eucalyptus Study Tour | Australia | Sept. |
| Latin American Meeting on Livestock Production | Brazil | Sept. |
| Committee on Financial Control | Rome | Oct.* |
| Indo-Pacific Fisheries Council: 4th Session | Manila | Oct.* |
| Sixth General Assembly of the International Council of Scientific Unions | Amsterdam | Oct. 1- |
| International Conference on Legal Metrology, Provisional Committee | Brussels | Oct. 2- |
| GATT (General Agreement on Tariffs and Trade): 7th Session | Geneva | Oct. 2- |
| Joint ILO/WHO Committee on Occupational Health: 2d Session | Geneva | Oct. 6- |
| International Committee on Weights and Measures: Biennial Session | Sèvres | Oct. 7- |
| PAIGH (Pan American Institute of Geography and History): 6th Con- sultation on Cartography | Ciudad Trujillo | Oct. 12- |
| Eighth Pan American Congress of Architects | México, D. F. | Oct. 19- |
| First Ibero-American Congress on Archives, Libraries and Copyrights | Madrid | Oct. 20- |
| Pan American Highway Congress: Extraordinary Session | México, D. F. | Oct. 26- |
| Inter-American Economic and Social Council: 3d Extraordinary Meet- ing | Undetermined | Oct. |
| South Pacific Commission: 10th Session | Nouméa | Oct. |
| International Wool Study Group: 5th Meeting | London | Oct. |

Greater Stability Forecast for World Cotton Trade

INTERNATIONAL COTTON ADVISORY COMMITTEE'S ELEVENTH PLENARY MEETING

by *Eulalia L. Wall*

The eleventh plenary meeting of the International Cotton Advisory Committee was held at Rome, May 17-28, at the invitation of the Government of Italy. Present were delegations from 25 member countries and observers from 22 nonmember countries and five international organizations.¹ The U.S. delegation to the meeting included:

Chairman

Leslie A. Wheeler, Special Assistant to the Secretary of Agriculture

Vice Chairman

Francis A. Linville, Chief, Agricultural Products Staff, Department of State

Advisers

Howard R. Cottam, Counselor of Embassy, American Embassy, Rome

Read P. Dunn, Jr., Foreign Trade Director, National Cotton Council, Washington, D.C.

René Lutz, Deputy to the Assistant Director for Foreign Requirements and Claimancy, Office of International Trade, Department of Commerce

¹ Member governments which participated in the meeting were Argentina, Australia, Austria, Belgium, Brazil, Canada, Denmark, Egypt, Finland, France, Federal Republic of Germany, Greece, India, Italy, Japan, Mexico, the Netherlands, Pakistan, Peru, Spain, Sweden, Switzerland, Turkey, United Kingdom, and the United States. The member governments which did not send representatives were Anglo-Egyptian Sudan and the Philippines.

Nonmember governments which sent observers were Afghanistan, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Hungary, Indonesia, Israel, Luxembourg, Nicaragua, Norway, Panama, Paraguay, Poland, Portugal, Syria, Union of South Africa, Uruguay, Venezuela, Vietnam, and Yugoslavia.

International organizations which sent observers were Food and Agriculture Organization of the United Nations, International Monetary Fund, Organization for European Economic Cooperation, International Federation of Agricultural Producers, and International Federation of Master Cotton Spinners and Manufacturers Associations.

Arthur W. Palmer, Head, Cotton Division, Office of Foreign Agricultural Relations, Department of Agriculture

F. Marion Rhodes, Director, Cotton Branch, Production and Marketing Administration, Department of Agriculture

Oscar Zaglits, Head, Foreign Agricultural Trade and Policy Division, Office of Foreign Agricultural Relations, Department of Agriculture

Secretary and Adviser:

Eulalia L. Wall, Department of State

In addition, Francis H. Whittaker, European representative for cotton, Office of Foreign Agricultural Relations, Department of Agriculture, was in Rome and available for consultation.

The International Cotton Advisory Committee is an intergovernmental fact-finding organization designed to observe and keep in close touch with the world cotton situation, and to suggest to the governments represented measures for the solution of world cotton problems through international cooperation. The Committee was founded in 1939 in response to a resolution adopted by 10 of the leading cotton-exporting countries at an international cotton meeting held at Washington in early September of that year. Following a period of inactivity during the war years, the Committee was reactivated in 1945.

At its first postwar meeting, the Committee opened its membership to all countries having a substantial interest in the production, importation, or exportation of cotton. Today, the International Cotton Advisory Committee enjoys the support of 27 countries representing nearly nine-tenths of world cotton production, consumption, and international trade. The Committee maintains a permanent secretariat at its seat in Washington and, in the intervals between plenary meetings, functions through a standing committee composed of the representatives in Washington of all member governments. The annual plenary

meetings enable the Committee to make periodic reviews of the over-all economic position of cotton in the world; to review and approve the work of the standing committee and the secretariat in carrying out their responsibilities; to approve annual work programs and budgets; to ascertain the need for special studies of cotton production, consumption, and trade; and to formulate recommendations for international collaboration in solving world cotton problems.

Increase of World Cotton Stocks

At the eleventh meeting, as at previous plenary sessions, the Committee directed its attention first to an appraisal of the cotton situation and outlook. Delegations reported on conditions in their respective countries and the secretariat presented a comprehensive report on the world cotton situation. On the basis of these statements, the Committee found that world cotton stocks had increased materially in 1951-52, and had reached a level where the available supply was in approximate balance with demand.

Thus the supply position, which had been of great concern to importing countries at the tenth meeting, had become somewhat easier. Moreover, it was clear in retrospect that speculative buying and holding of cotton goods after the outbreak of hostilities in Korea had been a factor in the all-time record high level of cotton textile output in 1950-51 and in the subsequent downward readjustments in 1951-52. Nevertheless, it was considered likely that raw cotton consumption in 1951-52 would reach the highest level of any postwar year except 1950-51. It was concluded that although readjustments were still underway, there was a reasonable hope for more settled conditions in the world cotton trade than those that had prevailed during the preceding 18 months. The Committee was also impressed with the need for finding means of moderating extreme fluctuations in cotton supplies and prices such as those which had occurred in the past year and a half. Consideration was given to remedies for this situation being sought by individual governments, and to problems involved in an international cotton agreement.

The Committee had before it a *Report on an International Cotton Agreement* which its standing committee had prepared in response to Resolution X of the Tenth Plenary Meeting.² This report was concerned mainly with two types of agreement: the multilateral contract, and a combined form of agreement embodying international trade quotas and buffer stocks. It analyzed the basic principles of both and sought to explore the types of problems which might arise if they were taken as a basis for international action on

² Copies of this report may be obtained from the International Cotton Advisory Committee, South Agriculture Building, Washington 25, D.C.

cotton. The report suggested possible solutions to some of the technical problems, but listed a number of important questions which would require further study before any conclusion could be reached. The Committee commended the report as an aid in advancing thought on the questions of whether an agreement would be possible, and if so, what form it should take. It was agreed, however, that considerable additional study was needed before governments could arrive at final views or determine their attitudes toward a possible agreement. Accordingly, the standing committee was instructed to explore further the complex problems involved and to report to member governments on the progress of its studies, submitting if possible concrete proposals so as to enable governments to consider more fully their position in relation to a cotton agreement.

Cotton Yields in Underdeveloped Countries

Following this action, the Committee discussed possibilities for obtaining technical and financial aid for the purpose of increasing cotton yields in underdeveloped countries. The importance of cotton research and the desirability of increasing yields in underdeveloped countries had been stressed in resolutions of the ninth and tenth meetings. It was the consensus of the eleventh meeting that these objectives might be furthered by the initiation of a research project on a regional cooperative basis at a suitable center. Accordingly, it was resolved that the Committee should enlist the aid of the organizations of the United Nations and other international agencies toward this end.³

The eleventh meeting also reviewed the Committee's organizational structure, and decided upon the work program and budget for the fiscal year beginning July 1, 1952. To facilitate this phase of the work, two subcommittees were established: one on organization and finance, and the other on information and statistics. The subcommittee on organization and finance reviewed and approved, with minor amendments, the codification of the Committee's rules and regulations which had been prepared by the standing committee in accordance with resolution V of the tenth meeting. The codification, as amended, was approved by the meeting. The meeting also adopted four resolutions proposed by the subcommittee on organization and finance relating to the 1952-53 budget and scale of contributions and other financial matters.

³ The text of resolutions adopted at the meeting will be included in *Proceedings of the Eleventh Plenary Meeting of the International Cotton Advisory Committee*, which is expected to be published shortly by the International Cotton Advisory Committee, South Agriculture Building, Washington 25, D.C.

Upon the recommendation of the subcommittee on information and statistics, a resolution was passed to expand the statistics collected by the Committee in order to include data by staple lengths and/or varieties whenever possible. Owing to the marked differences in the staple lengths and varieties of cotton grown in different countries, it was considered that this additional information would make a significant contribution to the understanding of the world cotton situation. Also upon the recommendation of the subcommittee on information and statistics, the meeting approved a resolution instructing the secretariat to continue the publication of the *Monthly Review of the World Cotton Situation* and *Quarterly Statistical Bulletin*, and if feasible to complete the special study on the availability and reliability of world cotton prices and quality data begun in 1951-52.

At the final session of the meeting, the Committee unanimously reelected E. D. White of the United States as chairman of the standing committee to serve until convocation of the Twelfth Plenary Meeting. The Committee also accepted the invitation of the United States to hold the twelfth meeting at Washington in the second half of April or the first half of May 1953, the exact time to be decided upon later by consultation between the standing committee and the U.S. Government.

•Miss Wall is an international economist with the Agricultural Products Staff, Department of State. Her article had the benefit of review and comment by Arthur W. Palmer, head of the Cotton Division, Office of Foreign Agricultural Relations, Department of Agriculture.

Relation Between Domestic and International Economic Security

*Statement by Isador Lubin
U.S. Representative in the U.N. Economic and Social Council*

U.S./U.N. press release dated June 30

It is with particular interest that I speak on the subject of international economic stability. One reason, of course, is the continuing importance of the subject before us. Another reason is personal. It was 2 years ago at Geneva that I made my "maiden speech" as the U.S. representative in this Council, and the subject of that speech was the first experts' report, "National and International Measures for Full Employment."

The Council worked very hard that summer in formulating a series of recommendations to governments which would enable us intelligently to consider the international aspects of the problem of economic instability. The resolution of August 15, 1950, is one of the great achievements of this Council. It is a benchmark of progress, and it reflects the growing enlightenment of public opinion over much of the world. It represents increased recognition by governments that economic changes within their own borders have international impacts.

Despite the achievement represented by that resolution, much still remains to be done. For one thing, we can do a better job of analyzing trends of employment and the trends of international trade and of recommending useful policies to be pursued by governments. But if we are to be in a position to do this most governments will have to be more prompt and thorough in reporting on their economic situation, as requested in the August 1950 resolution. Because of their failure to make the necessary information available, the Secretariat has not been able to present to the Council, in either 1951 or 1952, the kind of summary and appraisal of the employment and balance of payments situation which would enable the Council to have the kind of discussion which might give rise to improved government policies. Perhaps we shall be able to do better this session, when we take up agenda item 4 (a).

Another thing the Council can do is to draw from the latest experts' report, now before us,

"Measures for International Economic Stability,"¹ and from our debates on it, useful recommendations on the international aspects of the stability problem. The resolution of August 1950, supplemented by an amendment of March 1951, recognized the need for further consideration of this subject and asked the Secretary-General to assemble a group of experts "to formulate and analyze alternative practical ways of reducing the international impact of recessions and to give particular attention to the problems of the underdeveloped countries, which are especially vulnerable to fluctuations in international commodity markets and to related fluctuations in the terms of trade."

Importance of National Action

Before discussing the experts' product in detail I wish to make some general comments. First, I wish to express appreciation to the authors for their labors. The authors place the problem of international economic stability in its proper perspective and ably delimit a possible course of practical action within the framework of existing institutions. They avoid the temptation to devise automatic formulas and organizational blueprints.

In our opinion, the experts are entirely right in saying that *national* measures must be the primary reliance for dealing with economic instability, even in its international aspects. If the International Monetary Fund, for example, is to be of much assistance in the creation of a better world monetary system, national governments must normally avoid inflationary policies which increase the countries' demands for imports and decrease their opportunities for export. A country that maintains a fair degree of stability internally will not spread much instability to other countries. International measures cannot provide internal stability to any significant extent. They can only be helpful as supplementary devices to cushion the international repercussions of recessions temporarily and to smooth the processes of adjustment.

We also agree with the conclusion of the experts that progress has been made toward overcoming economic depressions. It is encouraging to read the experts' prediction that prosperous years will be the rule rather than the exception in the future, and that even in years of recession, prosperity will be "not merely around the corner, but in full view." I share this optimism. The U.S. delegation has frequently set forth the reasons why, in the United States, at least, a disastrous depression like that of the 1930's is highly unlikely. As I explained in some detail in my statement on the world economic situation, the basic factors which make this unlikely are the changes that have occurred in our economic institutions, the structural changes which ameliorate tendencies toward depression,

and most important, the determination of the American people to avoid such a depression.

U.S. Agrees With Experts

Despite the unlikelihood of a serious recession in the United States or other industrial countries, there can still be, as the experts observe, minor recessions and instabilities in particular industries that will have international repercussions. These instabilities may arise from rapid changes in relative demands as between different industries, rapid technological changes which alter supply conditions, and unforeseen political and military developments. Some of these changes will be temporary and some permanent, and it will often be hard to tell whether they will be one or the other.

In either case, no international economic cushions—whether commodity agreements, flows of capital, or monetary reserves—are going to eliminate the need for national economies, or sectors of them, to adjust to changes. Cushions can ease the difficulties involved in making readjustments, but they cannot eliminate the need for readjustment. Economic life as well as human life generally is a matter of constant adaptation. To seek a stability which is fixed and rigid is not only unrealistic but the antithesis of growth. My delegation sees eye to eye with the experts on this point.

There are one or two general aspects of the report, however, on which our agreement with the experts is less than complete. One is their implication that any previous peak in trade is to be taken as a point of reference for measuring the magnitude of the recession problem. To use such peaks as a point of reference results in exaggerating the size of the problem that must be resolved.

Another deficiency of the report is its failure to say much about reducing the impact of cyclical or other temporary *expansionary* forces. A balanced view of the problems of international economic stability requires not only that recessions be reduced, but that abnormal expansions be checked. We must cushion or counteract the repercussions of both. In final analysis, this would suggest that countries take measures to offset the effects on their economies of abnormal increases as well as abnormal reductions in foreign demand.

For example, countries experiencing rapid increases in foreign sales would often find it in the interest of their economic stability to save their foreign-exchange earnings and institute internal disinflationary measures until the boom subsides. To the extent that they fail to do so and allow the structures of their entire economies to be built up to temporary very high levels of export receipts, one is led to wonder how far they should expect international measures to relieve them of responsibility for the readjustment of national income, imports, and domestic prices which are required when export receipts return to more normal levels.

¹ U.N. doc. E/2156.

Despite these somewhat critical observations, I wish to express my agreement with the general tenor of the analysis and policies recommended by the experts. They recommend that an attempt be made to bring more stability into the primary commodity markets, that we try to avoid large fluctuations in the international flow of capital, and that we utilize national and international monetary reserves to soften the international impact of recessions.

In the view of the U.S. Government, these policies are clearly desirable. I shall now take up the discussion of each of them, starting, first, with the section that deals with monetary reserves.

International Monetary Measures

The experts very properly emphasize the importance of adequate monetary reserves. Unless they are available it will not be possible for countries to maintain a reasonably stable flow of imports and the world will be faced with a periodic tightening of foreign trade and exchange restrictions.

The experts are convinced that nationally-held reserves of convertible currencies and gold are inadequate to meet possible fluctuations in trade and capital flows. They do not go into the reasons for this inadequacy. Nor do they suggest corrective measures which individual governments might themselves be able to take. They might well have urged that governments should make every effort to pursue policies which would help to ameliorate their reserve difficulties. They might have pointed out, for example, the importance of domestic monetary and fiscal policies which would greatly reduce if not eliminate inflationary pressures; they might also have stressed the need for minimizing international exchange and trade barriers. They presumably took the view that they ought to confine their recommendations to the field of international action. One might wish they had directed at least brief attention to the possibilities for national action in this field.

The report deals primarily with the possibilities for supplementing national reserves in time of recession from the resources of the International Monetary Fund. It views the Fund as presently affording only "a comparatively trivial supplement" to national reserves. It submits a number of recommendations for remedying this situation. These recommendations relate, first, to the availability of the Fund's resources, and second, to the size of the Fund's resources.

With respect to the question of availability, the experts emphasize the desirability of making finance available to member countries at the onset of a recession, as cheaply and as freely as possible, in order that the contraction of trade may be retarded. But at the same time, they believe that the Fund's main criterion for lending should be whether the member can be expected to repay. I

have no desire to take issue with the experts on this point. I merely wish to point out that it is likely that at the time of greatest need the expectations of repayment might look the dimmest.

The experts make a number of specific recommendations for increasing the availability of the Fund's existing resources in times of recession. These recommendations are of a somewhat technical nature and I shall not take the time of the Council to discuss them here. The Fund will undoubtedly give them most serious consideration. Moreover, the Fund has recently indicated its intention to pursue lines of policy which go a very considerable distance toward meeting the views of the experts.

I must also point out, Mr. President, that as far back as September 1946 the Fund recognized that it could appropriately use its resources "to give temporary assistance in financing balance-of-payments deficits on current account" during periods of economic recessions. The Fund, Mr. President, has made it evident that it is clearly cognizant of the problem and that it is prepared to take reasonable and practicable measures for dealing with it.

Meeting recession needs for short-term foreign funds is, however, Mr. President, only one of the responsibilities of the Monetary Fund. The Fund can hardly meet its responsibilities by always giving a member that desires to borrow from it the benefit of any doubt as to its ability to repay. The Fund will have to feel its way, like any other organization, considering each application for temporary assistance in the light of the existing circumstances and the basic purposes for which the Fund was created.

With respect to the size of the Fund's resources, the experts recommend they should be increased at the earliest possible moment. Obviously, a larger volume of resources and a willingness, on the part of both the Fund and its borrowing members, to use these reserves freely would help offset the international repercussions of a recession in any of the member countries. It is obvious, also, that the mere availability of a greater volume of resources is no guarantee that a disequilibrium will be corrected. In the absence of domestic monetary and international trade policies designed to correct the disequilibrium, such additional resources could be very rapidly dissipated. Moreover, if the Fund's resources of gold or scarce currencies are to be increased, difficult questions arise as to whether they should be increased in accordance with Fund quotas or by other means.

Since the great majority of the governments represented in the Council are also members of the International Monetary Fund, it would appear that the Fund itself presents the best forum for a detailed discussion of the question of whether its resources would be adequate to cope with the problems that will arise should a recession take place. In our opinion, the present resources of the Fund

are not inconsiderable. But, I do want to make it absolutely clear that if and when a shortage of Fund resources does become imminent, the United States can be counted on to give the matter proper consideration.

International Flow of Capital

In discussing the international flow of capital, their second main topic, the experts concentrate their attention on long-term capital movements for investment purposes.

They point out that since foreign-exchange earnings provide a means for financing imports essential for economic development programs, declines in the foreign-exchange earnings of underdeveloped countries may retard their economic development. If these earnings drop because of a recession in other countries, the underdeveloped countries may be forced either to cut imports for consumption, possibly through the imposition of trade or exchange restrictions, or to cut those imports without which they cannot maintain a steady rate of economic development. The only alternative, it is suggested, is additional long-term foreign financing.

Under present circumstances there is little prospect that the underdeveloped countries could attract additional foreign private investment capital to fill the gap created by a fall in export receipts. Indeed, in times of recession the flow of private capital is more likely to diminish than to increase. In such times, therefore, the underdeveloped countries will have to look mainly to governmental or intergovernmental agencies for the financial aid they need.

The experts suggest that governmental agencies which operate in this field may, to some extent, be able to increase the rate at which they provide development funds in order to meet recession needs. They point out, however, that the scope for such action by national governments is necessarily limited. Accordingly, they turn to the intergovernmental sphere, where in the International Bank for Reconstruction and Development, they find an institution "eminently appropriate" for applying anti-recession policies.

The experts propose that the Bank should stand ready to provide increased outflows of funds to member countries for development purposes whenever these countries experience a decline in their foreign-exchange availabilities because of a recession abroad. They also indicate a number of situations under which the Bank could take action along the lines they propose.

The functions and responsibilities of the International Bank have been discussed in the Council on many occasions. The Council has always taken the view that the Bank should achieve and maintain the highest practicable flow of lending for economic development. The experts are in full accord with this view. They believe, however, that, without departing from this objective, the

Bank should adjust its lending policies to take account of such special needs of borrowers as may arise out of cyclical movements, or, to be more precise, out of economic recessions.

The U.S. delegation has consistently held that the primary function of the International Bank is to provide long-term capital on a continuous and sustained basis for the development of underdeveloped areas. This is still our view. We see some danger of conflict between this objective and anticyclical action. We doubt whether the Bank would base its loan policies to any large extent on anticyclical considerations without danger of conflict with what should be its primary purpose, namely, sustaining continuous economic development in the less developed areas, within the requirements of the principles set forth in its Charter. In other words, we feel that the Bank should not withhold loans in times of prosperity so as to be able to increase its lending in times of recession.

This is not to say that the Bank would not be in a position to increase the flow of its loan funds in the event of a recession. As the experts point out, the Bank may find it possible to accelerate the actual disbursement of the loans it has already committed to particular programs. The extent to which this will be possible will, of course, depend upon the ability of the borrowing countries to step up the speed of construction on the projects for which loans have been arranged. To the extent that it will be possible to telescope the period of construction, the actual flow of the Bank's funds will be increased.

It has been suggested also that the flow of funds can be increased in those instances where the Bank finds it possible to enlarge its share of participation in given development projects. There may be cases where, because of a recession, an underdeveloped country may find itself unable to finance as large a part of its development program out of its own foreign exchange resources as it had anticipated. If its long-run prospects are sufficiently good to warrant the assumption of increased foreign debt for development, it may decide to increase the proportion of the program to be financed with loans and to request additional aid from the Bank. By granting the request, the Bank could help to cover a deficiency in the foreign exchange earnings which the underdeveloped country had originally planned to use for financing the particular program.

In this same category is the possibility that the Bank might undertake to help finance development projects which an underdeveloped country had intended to finance entirely out of its domestic resources and foreign exchange earnings.

The experts, however, raise the question of whether the Bank's resources would be adequate to meet these additional demands for loan funds that may arise during a recession. Certainly no one can deny that the time may come when the International Bank will need more funds. As for

the calculable future, the U.S. delegation sees little probability of the Bank's pressing against the limits of its resources. Nor is the Bank unaware of the possible effects of a recession upon its resources. We understand that in periodically considering the problems of financing its future operation it takes into account various possible conditions, including a possible recession.

To be sure, the question of the adequacy of the Bank's resources is of concern to this Council. Indeed, this question was the subject of prolonged debate at one of our previous sessions. The problem, however, is one that must be discussed in detail in the Bank, where most of the members of this Council also have membership.

International Commodity Arrangements

Coming now to the section of the experts' report which deals with international commodity agreements, I am certain that no one would take issue with their comments concerning the important part played by extreme swings in the prices of major primary commodities in bringing about general economic instability and of the important effects of such swings on both underdeveloped and more developed countries. These major primary commodities account for about one-third of total world commodity trade. If there were a statistical measure of price instability, there is no doubt that it would show that these commodities account for a far higher share of price instability than their importance in world trade would justify.

The reasons for the extreme instability of the prices of most of the major primary commodities are quite well understood. Their prices tend to react sharply to small changes in supply and demand. For most of them, supplies cannot be rapidly expanded when there is an increase in demand. The consequence is that their prices rise rapidly. Similarly, when there is a reduction in demand, the supplies coming on to the market do not fall off rapidly with the result that there is usually a fast decline in their prices. Moreover, the demand for these materials is of such a nature that when there is a drop in price, demand does not rise very much.

The evidence is fairly clear that the sharp changes in prices of these commodities do not facilitate the functions price changes are supposed to perform in the economic system. Indeed, they interfere with these functions. Increases in demand should stimulate increased production and decreases in demand should discourage production. The rapid changes that take place in the prices of certain raw materials, however, make it impossible for investors and producers to know whether the basic price trend is up or down and whether to plan to expand or reduce their output.

Because of these considerations governments have for a number of years taken the view that primary commodities moving in international

trade deserve special consideration. The Government of the United States believes that it is desirable to take action to limit these large swings in prices. And to accomplish this end, it is prepared to enter into international commodity agreements.

The principal reason why more intergovernmental commodity agreements have not come into being seems to be that the negotiating governments have had great difficulty in agreeing on the substantive elements of the proposed contracts. There are at the present time nearly a dozen international study groups considering the problems of major primary commodities and most of them have commodity agreements in various stages of preparation. For most business transactions, it is customary to say that it takes two to make a deal; for an international commodity agreement it takes many governments, and behind them many interested groups, to make a deal.

We do not believe that any new type of organization machinery would eliminate points of difference that are bound to exist between the bargaining parties. This point was made by the experts. We agree with them.

But an even stronger point can be made. If an effort were made at this time to establish new machinery for dealing with commodity problems, it might even delay the process of discussion and negotiation with respect to individual commodities. The difficulties and delays inherent in the establishment of a new organization should not be incurred unless there is a much clearer case than now exists that the present machinery is inadequate.

In our opinion, the Interim Coordinating Committee for International Commodity Arrangements (Iccica), as presently constituted, is quite satisfactory. Any government wanting to explore specific intergovernmental commodity arrangement possibilities in an international forum can call on Iccica and the Secretary-General of the United Nations, in accordance with Ecosoc Resolution 296 (XI), with the assurance of prompt action. Iccica and the Secretary-General can arrange for individual commodity study groups, whenever they are asked for. And in our opinion, study groups are the most effective devices for considering the feasibility of commodity agreements and for laying the groundwork for their negotiation.

Incidentally, I should like to note that Iccica has recently completed another of its excellent reports on the world commodity situation, and I should like to compliment the Secretary-General for having as secretary of Iccica the very able Perce R. Judd of Australia.

Agreed Set of Principles Available

Not only do adequate organizational arrangements exist to facilitate the negotiation of international commodity agreements, but there is also

available to the prospective negotiating governments the benefit of an agreed set of principles recommended by this Council to guide them. These principles are those contained in chapter VI of the Havana Charter, negotiated under U.N. auspices, and endorsed by Ecosoc as a general guide in 1947, an endorsement which was reaffirmed at our 13th session in 1951.

These principles serve, among other things, to eliminate what might be almost endless arguments as to the appropriateness of any proposed commodity agreement in the light of other international obligations.

It is our view that further general studies of commodity arrangements or attempts to devise multicommodity stabilization schemes, or international price parity schemes, such as the World Food Board proposed in 1948, would actually delay rather than expedite the conclusion of agreements for dealing with primary commodity instabilities. If I may be permitted to quote the experts on this question of international parity schemes: "We believe that no such scheme ('some kind of systematic international "parity price" scheme') would be either practicable or desirable." And the experts advance sound reasons for this position (paragraph 44), which I shall not repeat.

I think that most persons who have actually been involved in commodity agreement negotiations, as well as those who worked on the Havana Charter for so long, will agree that there is no possibility of successful negotiation of a commodity agreement covering many commodities at the same time. Furthermore, we believe that the interests of the countries directly and importantly concerned with particular commodities would be better protected in single-commodity negotiations.

Financial Burdens

You will recall that the experts have a good bit to say about different kinds of commodity agreements. The U.S. Government shares the view of the experts that commodity arrangements should minimize direct controls over production and trade and that the purpose of an agreement should not be to alter the long-term trend in the price of the commodity. In our opinion, no attempt should be made to prejudge, on general grounds, the kinds of agreements which would be appropriate to meet the purposes of producers and consumers of particular commodities, except, of course, as chapter VI of the Havana Charter provides general guiding lines.

By way of illustration, almost any commodity agreement imaginable has financial burdens, and we should think that these burdens, including those involving stocks, should be borne by the participating parties. Hence we feel it would not be wise to ask the International Bank to tie up its funds either actually or on a contingent basis in investments in stocks of primary commodities.

The effect might well be to reduce the volume of the Bank's loan funds available for development purposes.

In summarizing the views of the Government of the United States on the matter of commodity agreements, the essential facts I should like to emphasize are the following:

First, we recognize that extreme swings in prices of major primary commodities present difficult problems for nearly all countries. *Second*, it is our belief that international commodity agreements, negotiated in accordance with the principles and procedures approved by this Council, can make a significant contribution to the reduction of price instability for primary commodities.

Third, we are convinced that more commodity agreements will be negotiated only when governments can resolve their specific points of difference with respect to particular proposed agreements. *Fourth*, it is our opinion that the present organizational machinery is entirely adequate for facilitating the negotiation of agreements, and that new machinery would not ease the problems of negotiation.

Finally, the U.S. Government is prepared to cooperate fully in discussions and negotiations for international commodity agreements for primary commodities on an individual commodity basis whenever there is reasonable hope of success.

Whenever any country, either buyer or seller, is genuinely interested in an agreement for a particular commodity, it can request the Iccica and the Secretary-General of the United Nations to arrange for the organization of a study group, or a conference on the basis of thorough work by a study group. Whenever the United States has a legitimate interest either as a producer or as a consumer of such a commodity, it will gladly participate in such a study group or conference.

Conclusion

By way of a brief general conclusion on the experts' report, I do want to say again that in the opinion of my delegation the experts have rendered an excellent public service in producing this report. Our understanding of the problems of international economic instability will be definitely advanced as a result of their work.

In the opinion of the U.S. delegation their report makes doubly clear the fundamental importance of governments taking appropriate action to maintain domestic full employment and economic stability, if international economic stability is to be maintained. It also reveals the importance of governments reporting more fully and more promptly on the domestic and international aspects of their economies as requested in the Council's basic resolution.

Mr. President, it may have come as a surprise to members of the Council that throughout this discussion I have made no reference to the statement

made by the experts that the real danger to the economic stability of the rest of the world lies in the United States.

To my mind, Mr. President, this is an example of a mythological type of thinking that has been popular in many quarters since the Great Depression, a type of thinking that refuses to recognize that that depression had its source in circumstances that no longer exist.

Today—and I cannot emphasize this too strongly—the circumstances that prevailed in the late twenties do not exist. I can only attribute the persistence of the myth that they *do* continue to exist to the fact that too few people outside this country fully realize the extent to which stabilization has been built into the United States economy in the past two decades.

I referred at some length to the stabilizers that we have incorporated into our economy, when I discussed the world economic situation. I referred to them again a few minutes ago, when I said that, "A disastrous depression like that of the 1930's is highly unlikely."

Such a disaster is highly unlikely, Mr. President, because we now have a better money and banking system than we did 20 years ago. We have a better tax structure, a better system of farm aid, a better system of collective bargaining between unions and management, a better wage and income structure, a more equitable distribution of incomes, and a better system of social security benefits. And, added to these, we have something else. We have a national frame of mind radically different from the one which made possible, and at the same time, was unable to deal with the disaster of 1929.

As a result of that disaster, millions of American families, thousands of corporations, and even many communities and states were either close to bankruptcy or in fact bankrupt—frequently because of insolvency of other people, firms, or banks. Thus every American, no matter what his job or financial situation, became painfully aware of the need for economic stabilizing devices. This awakening cut right across the fabric of the American society. It was apparent—and continues to be apparent—in all geographic areas, and on every level of American economic life. The result has been that structural changes have been made possible which, though long recommended by far-seeing economists, might never have taken place.

There is always present, of course, the possibility of minor recessions—in the United States, as elsewhere. I certainly have no desire to underestimate the relationship of the United States economy to that of the rest of the world. But, in this connection, I would like to point out that even

in the recession of 1949—a recession that can be attributed very largely to the United States—the magnitude of the adverse effects on other countries came not so much from the variation in demand in the United States as it did from the weakness of the balance-of-payments situation in other countries, and the rigidity of the structure of their economies.

If I may pursue this line of thought a little further, most of us will agree, I am sure, that variations in capital movements and unilateral financial transfers also play their part in bringing about economic instability. I do not deny—although I regret—that some of these changes in capital movements have started in the United States. I would like to point out, however, that for more than 20 years—and for reasons well known to all of us—abrupt movements of capital have occurred on a very large scale. Some of these movements may properly be described as capital flights. Most of these flights originated in areas outside of the North American Continent and have taken place for reasons which had nothing to do with the United States.

And may I suggest a final thought in regard to locating the primary sources of violent economic instability? We will all acknowledge, I think, that much of such instability has arisen in connection with wars—or from the threat of wars. I might recall that neither World War I nor World War II originated in the United States; nor did the economic confusion which characterized the early postwar years in many parts of the world.

Mr. President, I have said that it is highly unlikely that a major depression—with all its international concomitants—could again occur in the United States. I have said that recessions, both in the United States and elsewhere, are always conceivable—but that machinery exists, both national and international, with which to deal with them. But I would also like to say that it is hardly conceivable that the world will become so stabilized—so static—that there would be no further need for such adjustments and machinery for bringing them about. In our pursuit of stability we certainly must not hamper the pursuit of economic development, or of economic progress itself. What the world seeks, I think, is more stable progress within the area of an expanding and ever more dynamic world economy. I trust that our work here will contribute to that end.

The U.S. in the U.N.

A weekly feature, does not appear in this issue.

Report of U.N. Command Operations in Korea

FORTY-THIRD REPORT: FOR THE PERIOD APRIL 1-15, 1952¹

U.N. doc. S/2662
Transmitted June 13, 1952

I herewith submit report number 43 of the United Nations Command Operations in Korea for the period 1-15 April, inclusive. United Nations Command communiqués numbers 1221-1235, provide detailed accounts of these operations.

No progress was made in resolving the major issues remaining under agenda item 3. The discussion of this item was moved from the staff officer meetings to the sub-delegation level on 3 April. The remaining issues continue to be:

- A. Participants in the neutral nations inspection teams, and
- B. Restriction of the rehabilitation of airfields.

The United Nations Command position on these two issues was explained in United Nations Command reports number 37, 38 and 40 and remains unchanged.

The executive sessions of staff officers on agenda item 4 continued for the first four days of the period with both sides striving for a common ground on which to obtain agreement. As a result of these executive sessions, it was agreed by both sides to recess for the purpose of developing additional information and data relating to Prisoners of War and to reconvene as soon as such data was available.

The period was also accompanied by the usual vicious propaganda attacks by the Communists on the United Nations Command treatment of Prisoners of War. The record of humane treatment of Prisoners of War by the United Nations Command leaves no room for doubt as to the falsehood of these charges. The United Nations Command has at all times invited full and impartial investigations of its Prisoner of War camps and the International Committee of the Red Cross has frequently conducted such investigations. On the other hand, the Communist leaders continued unequivocally to refuse to allow such impartial investigations of their Prisoner of War camps. They have also refused to accept the official impartial reports of the International Committee of the Red Cross as valid.

¹ Transmitted to the Security Council by the acting representative of the U.S. to the U.N. on June 13. Texts of the 30th, 31st, and 32d reports appear in the BULLETIN of Feb. 18, 1952, p. 266; the 33d report, *ibid.*, Mar. 10, 1952, p. 395; the 34th report, *ibid.*, Mar. 17, 1952, p. 480; the 35th report, *ibid.*, Mar. 31, 1952, p. 512; the 36th and 37th reports, *ibid.*, Apr. 14, 1952, p. 594; the 38th report, *ibid.*, May 5, 1952, p. 715; the 39th report, *ibid.*, May 19, 1952, p. 788; the 40th report, *ibid.*, June 23, 1952, p. 998; the 41st report, *ibid.*, June 30, 1952, p. 1038; and the 42d report, *ibid.*, July 21, 1952, p. 114.

The status of agenda item 5 remains unchanged. The United Nations Command delegation is still awaiting a Communist call to reconvene at the staff officer level, to incorporate into the armistice agreement the agreed article as reported in United Nations Command report number 40.

Hostile forces launched three relatively large-scale local attacks against United Nations Command positions early in the period. Except for these unsuccessful local attacks, the enemy limited his activities, as in the recent periods, primarily to the interception of United Nations Command patrols. The enemy's patrols seemed to be confined almost exclusively to the hours of darkness and consisted of widely scattered exploratory attacks involving small units of platoon size or less. Front lines and enemy troop dispositions remained unchanged.

The most aggressive enemy action of the period occurred on the western front when an enemy regiment attacked United Nations Command positions in the Hungwang vicinity. Although supported by artillery, the attacking enemy elements were able to dislocate only one United Nations Command forward position, which was immediately restored by counter-action. Another relatively large scale attack was attempted in the Kigong area when an enemy battalion made several attempts to penetrate United Nations Command positions. Despite the strongest artillery support of recent periods these enemy efforts were totally ineffective.

The most prominent hostile action on the central and eastern fronts occurred on 1 April in the Yulsa area. In this action, the enemy employed a force greater than battalion size in a persistent but fruitless effort to penetrate a one and half mile sector south of Yulsa. The hostile units abandoned their efforts and withdrew after two and half hours of heavy fighting. This thrust constituted the sole departure from the enemy's otherwise defensive attitude on these fronts. Forward units, however, did not hesitate to maintain generally effective resistance to the numerous United Nations Command patrols which continuously prodded hostile front-line positions. The majority of these United Nations Command-initiated patrol clashes were fought in the Talchon-Nulgugi area of the eastern front. The hostile patrolling effort, which failed to approximate that of United Nations Command units, continued to consist of sporadic probes against United Nations Command positions during darkness by small hostile units. In a number of instances these enemy units failed to reach their objective area as a result of interception by United Nations Command patrols.

Hostile vehicle movement, Prisoner of War statements, and other lesser indications attest to the enemy's effort to improve the combat effectiveness of his units. From these activities it is clear that he is prepared for a continuation of hostilities. His manpower, equipment and supplies are sufficient to launch a major offensive.

Nevertheless, the enemy's attitude at the close of the period remained primarily defensive.

United Nations Command carrier-based aircraft operated from the fast carriers in the Sea of Japan against Communist transportation facilities and supply routes in North Korea. Jet and conventional-type planes concentrated their attacks on the vulnerable rail lines along the Korean east coast. Rail lines were cut in many places; and bridges, by-passes and rail cars were demolished. Additional damage inflicted on enemy facilities included the destruction of buildings, vehicles, trucks, boats and gun positions.

United Nations Command Naval aircraft, operating from carriers based in the Yellow Sea, furnished cover and air support for the surface units on blockade patrols and anti-invasion stations. They also flew reconnaissance missions and offensive strikes as far north as Hanchon and into the Chinnampo area, the Hwanghae Province, along the north bank of the Han River and in close support of the United Nations Command ground forces. Supply buildings, ox carts, bridges, stacks of supplies, shipping and gun positions were destroyed. Enemy casualties were relatively high.

Patrol planes conducted daylight reconnaissance missions over the Sea of Japan and the Yellow Sea. They also flew day and night patrols and weapon reconnaissance missions for surface units in the Japan and Yellow Seas.

Surface units on the east coast furnished fire support for United Nations Command ground forces. With support from shore fire control parties as well as from air observers, United Nations Command vessels demolished bunkers, buildings, artillery pieces and other equipment, and troop shelters. They inflicted many casualties. On one occasion, enemy artillery fire more than eighteen miles inland was stopped as the result of Naval gunfire.

The Naval blockade continued along the east coast from the line of contact to Chongjin with surface units making day and night coastal patrols. Patrol vessels fired on key rail targets along the coast daily, maintaining rail cuts and blockading tunnels at several strategic points. Vessels continued the siege of the major ports of Wonsan, Hungnam and Songjin, conducting day and night bombardment of enemy positions, transportation and industrial facilities. The enemy was also denied the use of his coastal waters for shipping and fishing.

Enemy shore batteries were active on eight different days in the Wonsan area. In one instance a United Nations Command vessel received one hit on the starboard bow, suffering no personnel casualties and only insignificant material damage. Prompt counterbattery fire scored hits on the offending gun. In another instance, an engagement was fought between enemy shore batteries and friendly surface craft. The battle began when mine-sweeping vessels working inshore were taken under small arms fire from Kalma Gak. United Nations Command ships opened fire on these positions and were then taken under fire by three enemy shore batteries. No hits were scored on friendly ships although there were several near misses. At Chongjin enemy batteries opened fire on a minesweeper while she was checksweeping. Counterbattery fire destroyed several gun positions and scored hits on others.

On the west coast, United Nations Command surface units manned anti-invasion stations along the coast from Chinnampo to the Han River estuary, in support of the friendly islands north of the battle line. During darkness, enemy positions and invasion approaches were illuminated and all signs of enemy activity were taken under fire. Daylight bombardment of enemy positions started many fires, inflicted casualties and destroyed troop shelters and buildings.

United Nations Command minesweepers continued operations to keep the channels, gunfire support areas and anchorages free of mines of all types. Sweepers also enlarged areas needed by the operating forces.

Ships of the amphibious forces, Naval auxiliary, Military Sea Transport Service and merchant vessels under contract provided personnel lift and logistics support for the United Nations Naval, Air and ground forces in Japan and Korea.

United Nations Command Air Forces continued their attacks against the lines of communication in North Korea. Selected segments of rail trackage on the principal routes were destroyed by light bombers and fighter bombers in round-the-clock operations conducted to maintain continuous disruption of the lines. These attacks were augmented by medium bomber strikes against key rail bridges. These operations were successful in keeping most of the enemy's major rail lines out of commission for considerable periods of time. Sightings of enemy aircraft in northwest Korea were slightly higher than previously reported. Twenty-five enemy aircraft were destroyed and twenty-eight damaged by United Nations Command interceptor aircraft on counter air missions.

Fighter bombers, in continuation of the interdiction program, cut the rail lines from Kunu-Ri to Huichon, Sonchon to Sinanju, Pyongyang to Sinanju and in the Sunchon area. On three occasions large concentrations of fighter bombers attacked a limited stretch of track during a twelve-hour period. The concentration of fighter bombers on one target has resulted in a decrease in friendly losses due to ground fire.

In addition to interdiction missions, the United Nations Command fighter bombers flew in support of the United Nations Command ground forces, destroying supply buildings, gun positions, and bunkers as well as inflicting troop casualties.

As most of the airfields in North Korea remained unserviceable, the medium bomber effort was concentrated on key rail bridges, with the bridges at Sinanju, Kwaksan, Chongju and Shihungdong destroyed. Medium bombers also flew close support missions under control of ground radar installations and night leaflet missions over troops and civilians in North Korea.

A special mission of medium bombers attacked the Kujangdong supply complex after reconnaissance revealed a buildup of stock piles and anti-aircraft defenses in the area.

Enemy air activity continued to be sporadic. Daily sightings of MIG-15 aircraft varied from zero to 382. The enemy pilots appeared reluctant to engage the United Nations Command interceptors and often did not return fire when attacked. The enemy continued to vary his operations, with many aircraft reported as flying at low altitudes. All engagements, however, took place at the usual high altitudes. One enemy jet was observed in the vicinity of Suwon and Kimpo conducting what was believed to have been a reconnaissance mission. Type-15 jet aircraft were observed periodically and two of these aircraft were damaged in aerial combat. The pilots of the type-15 aircraft were usually more aggressive than the MIG-15 pilots. Suggesting that they may be from a more highly trained unit.

Night intruder aircraft continued armed reconnaissance of the main supply routes in enemy territory and assisted the fighter bombers by attacking rail lines during the hours of darkness. The timing of the attacks was planned to disrupt repair work on cuts made during the day.

Tactical reconnaissance aircraft maintained constant coverage of key rail and highway crossings, other enemy targets and flew photographic missions to determine the status of markings on Prisoner of War camps. On 3 April, markings were discovered on the Prisoner of War collection point at Yuhyon-Ni, and photographs taken on 6 and 8 April showed markings on camps number ten and number eight.

United Nations assistance to Korea in economic rehabilitation is a major theme of current United Nations Command leaflets and radio broadcasts. These media are publicizing the extensive non-military aid being given to the Republic of Korea by individual member states of the United Nations and the progress of the organized relief

and rehabilitation programs of the United Nations agencies in Korea. The contrast between United Nations action and Communist negligence in the field of public health is receiving particular attention in all United Nations Command media. In this manner, efforts are being made to show the People of North Korea the real reasons for Communist rejection of the International Committee of the Red Cross and World Health Organization offers of assistance in bringing disease conditions under control.

The Unified Command Mission to arrange financial, economic, and possibly other agreements with the Republic of Korea arrived in Tokyo from Washington, 8 April 1952. The Chief of the Unified Command Mission is the Honorable Clarence E. Meyer. The mission attended briefings at General Headquarters, United Nations Command, in Tokyo and proceeded to Pusan 13 April 1952.

Crude Sulphur Allocation

The Sulphur Committee of the International Materials Conference on July 18 announced the allocation plan of crude sulphur for the last 6 months of 1952, unanimously accepted by its member governments. The Committee has agreed that half of the quantities set out in the table below¹ constitutes the allocation for the third quarter, and the other half constitutes the allocation for the fourth quarter, with the proviso that the Committee may review the allocation for the fourth quarter.

Sixteen governments are represented on the Sulphur Committee. They are Australia, Belgium (representing Benelux), Brazil, Canada, France, the Federal Republic of Germany, India, Italy, Mexico, New Zealand, Norway, Sweden, Switzerland, the Union of South Africa, the United Kingdom, and the United States.

In 1950 and in the first half of 1951, before the first of the Sulphur Committee's plans of international distribution, consumption exceeded production by 7.8 percent and 8.3 percent, respectively. This led to a serious reduction in world stocks. Since July 1951, however, as a result of the Committee's allocations, consumption has virtually been brought into line with production and the severe drain on stocks halted. This, however, has meant a reduction in consumption below the level of demand. Production in the last half of 1952 is estimated at an annual rate of 6,400,000 long tons, compared with 5,900,000 in 1950, and 6,140,000 in 1951. However, although production in the last half of 1952 is expected to increase to 3,200,000 long tons, it still falls short of requirements which are estimated at 3,830,000 long tons.

The Committee agreed to make arrangements whereby domestic users in the United States or in other countries may purchase any sulphur allo-

cated to other countries participating in the IMC and not used by any such participating country.

As on previous occasions, the Committee dealt only with crude sulphur and did not allocate the relatively small quantities of refined sulphur which enter into international trade. The Committee expects, however, that trade in refined sulphur will continue to follow the normal pattern.

Conference on American Studies Opens at Cambridge University

Press release 542 dated July 10

A 6-week Conference on American Studies was officially opened on July 10 at Cambridge University under the auspices of the U. S. Educational Commission in the United Kingdom. The 65 British professors taking part in this conference, the first of its kind to be held in England, will be welcomed by American Ambassador Walter S. Gifford, and the American professors who are to conduct the lecture series will be welcomed by Lord Tedder, Chancellor of Cambridge University.

The American lecturers at the conference and the subjects they will discuss are as follows:

- J. B. Brebner, Columbia University—"The Atlantic Migration, 1807-1924"
- H. S. Commager, Columbia University—"The Rise of American Nationalism"
- Merle Curti, University of Wisconsin—"The Development of the American Democratic Idea"
- Allan Nevins, Columbia University—"The United States and Europe 1890-1952"
- M. S. McDougall, Yale University—"The Bill of Rights and Civil Liberties"
- Robert Horn, University of Chicago—"American Government"
- L. M. Hacker, Columbia University—"The Modern American Economy"
- John Hazard, Columbia University—"American Developments in the English Common Law"
- Alfred Kazin, The New School for Social Research—"The American Tradition and the Minority Group 1880-1952"

Other speakers will be Herbert Agar, author and publicist, on "The United States Constitution and Foreign Policy"; D. W. Brogan, professor of political science at Cambridge University, on "Materials for Research in American History and Institutions in Great Britain"; Prof. H. G. Nicholas of Oxford University, on "American and British Elections: a Comparison."

A second session on American studies for 42 British high-school history teachers from the United Kingdom will follow the conclusion of the present conference.

¹ Not printed here; see IMC press release of July 18.

Communiqués Regarding Korea to the Security Council

The Headquarters of the United Nations Command has transmitted communiqués regarding Korea to the Secretary-General of the United Nations under the following United Nations document numbers: S/2646, May 27; S/2647, May 28; S/2648, May 29; S/2651, June 2; S/2653, June 4; S/2654, June 4; S/2655, June 5; S/2656, June 6; S/2658, June 10; S/2659, June 11; S/2660, June 11; S/2661, June 12; S/2665, June 16; S/2666, June 16; S/2668, June 18; S/2669, June 18; S/2670, June 19; S/2676, June 24; S/2677, June 24; S/2678, June 24; S/2680, June 25; S/2681, June 27; S/2682, June 27; S/2683, June 30; S/2686, July 1; S/2691, July 7.

U. S. Delegations to International Conferences

International Red Cross

On July 22 the Department of State announced that the eighteenth conference of the International Red Cross will be held at Toronto, Canada, from July 26 to August 7, 1952. The U.S. Government will be represented by a nonvoting observer delegation constituted as follows:

Chairman

Charles Burton Marshall, Policy Planning Staff, Department of State

Members

Thompson R. Buchanan, Division of Research for Eastern Europe and the U.S.S.R., Department of State
Augustus Sabin Chase, Division of Research for Far East, Department of State

Alice B. Correll, Division of Protective Services, Department of State

Thomas J. Cory, Adviser on Security Council Affairs, U.S. Mission to the U.N., New York

John E. Dwan, II, Maj., U.S.A., Department of Defense, Washington

Clarence Hendershot, Office of the Assistant Secretary for Public Affairs, Department of State

Robert J. G. McClurkin, Deputy Director, Office of Northeast Asian Affairs, Department of State

Edward V. Roberts, Office of the Assistant Secretary for Public Affairs, Department of State

Raymond T. Yingling, Assistant Legal Adviser for European Affairs, Department of State

Technical Secretary

Robert G. Efteland, Committee Secretariat Staff, Department of State

The conferences in this series, customarily held at 4-year intervals, are organized by the International Red Cross in collaboration with the League of Red Cross Societies, an association of national Red Cross organizations. Invitations to participate in the conference have been issued by the International Red Cross to all national Red Cross societies, to governments which are parties to Red Cross conventions, to specialized agencies of the United Nations, and to nongovernmental organizations interested in the humanitarian activities of the Red Cross. Since it is not expected that any issues will arise at the Conference which would require direct governmental action, a number of the governments which have been invited will be represented by observers.

Inter-American Commission of Women

The Department of State announced on July 22 that the U.S. delegation at the eighth general assembly of the Inter-American Commission of Women, to be held at Rio de Janeiro on July 23 to August 10, is as follows:

Delegate

Mary M. Cannon, Chief, International Division, Women's Bureau, Department of Labor, and U.S. Delegate, Inter-American Commission of Women

Alternate Delegate

Gladys Dorris Barber, c/o Counselor, U.S. Embassy, Lima, Peru, and (Former Member, Governor's Commission on Child Labor, Annapolis, Md.)

The Commission, which was created in 1928, is an advisory body composed of representatives of the governments of the 21 American Republics. It works for the extension of civil, political, economic, and social rights for the women of America, making recommendations to the Organization of American States (Oas) and to the governments of the American Republics. The Commission cooperates closely with other inter-American organizations and with organizations of world-wide scope which have similar objectives. The assembly, which meets annually, held its seventh session at Santiago, Chile, May-June, 1951.

At the forthcoming session, delegates will discuss the action taken on the work plan and the resolutions approved at the assembly in Chile. Items on the agenda include consideration of the actual situation of women in the Americas in regard to civil and political rights, further ratification of inter-American conventions affecting women, ways to encourage recognition of women in public and professional life and in international organizations, assurance of equal pay for equal work for women, and cooperation with the U.N. Commission on the Status of Women.

THE DEPARTMENT

Appointment of Officers

Robert F. Woodward as Chief of the Division of Foreign Service Personnel, effective July 17.

Point Four Appointments

Omar B. Pancoast, Jr., as Director of Program Planning, Technical Cooperation Administration, effective July 15. William J. Hayes as Country Director for Afghanistan.

THE CONGRESS

Aid to Denmark To Continue

White House press release dated July 25

The President on July 25 sent the following identical letters to Kenneth McKellar, Chairman, Committee on Appropriations, United States Senate; Richard B. Russell, Chairman, Committee on Armed Services, United States Senate; Tom Connally, Chairman, Committee on Foreign Relations, United States Senate; Clarence Cannon, Chairman, Committee on Appropriations, House of Representatives; Carl Vinson, Chairman, Committee on Armed Services, House of Representatives; and James P. Richards, Chairman, Committee on Foreign Affairs, House of Representatives:

DEAR MR. CHAIRMAN: On July 7, a Danish shipbuilding firm delivered to the Soviet Union a 13,000-ton petroleum tanker. Tankers of this category have been listed by the Administrator of the Mutual Defense Assistance Control Act as items of "primary strategic significance". Under Public Law 213, 82nd Congress, I am therefore required to terminate all military, economic and financial aid to Denmark or to direct the continuation of such aid if termination would "clearly be detrimental to the security of the United States".

I have considered this problem with great care and Mr. W. Averell Harriman, the Administrator of the Mutual Defense Assistance Control Act, has gone into it exhaustively with all Government agencies concerned, including the Departments of State and Defense and the United States civil and military chiefs in Europe.

The issues presented by this case go far beyond the carrying capacity of an oil tanker and the physical volume of United States aid to Denmark. They go to the very heart of our mutual security program.

The United States Government is fully aware that the community of free nations can realize

its potential strength only through common actions that have been agreed upon freely by equal partners after democratic exchange of views. Over the past several years, we, and the other NATO countries have made important reductions in strategic trade with the Soviet bloc. The United States has taken and will continue to take the lead in seeking to prevent the shipment of any commodities that would add significantly to the military strength of the Soviet Union and its satellites.

Denmark is a small nation that lives in the shadow of a powerful and unfriendly power. It has a long tradition of neutralism and has not, in recent history, maintained substantial armed forces. In 1949, the Danish people supported the courageous decision of their government to enter the North Atlantic Treaty Organization and join together with the other western democracies in common defense against the threat of Soviet aggression. The Danish Government has collaborated consistently with the United States and other free nations in the common effort to eliminate from their trade with the Soviet bloc those items that would contribute significantly to the armed potential of the Soviet Union and its satellites.

The Danish Government does not dispute the strategic value of the tanker in question. However, the Danish Government has considered that it was legally obligated to permit delivery of the vessel. Delivery of the tanker was called for by a trade agreement signed in 1948; and a firm contract with a Danish shipbuilding firm was signed in 1949, before the communist aggression in Korea and long before the Battle Act was in existence. The Danish Government has emphasized to the United States Government that it traditionally has maintained the sanctity of international commitments and has pointed out the possible impact on its relations with the Soviet bloc of a violation of the trade treaty. The United States Government recognized the strength of the Danish position in this regard. In our own dealings with other nations, we have consistently recognized the importance of honoring international commitments in the belief that such a policy provides one of the best means of securing a world peace.

The United States Government felt very strongly, however, that the aggressive intentions of the Soviet Union, as revealed in the communist attack on the Republic of Korea and the continuation of the Kremlin's campaign of threat and hatred against the free world, overrode the legal considerations involved in the proposed transaction. This view was forcefully presented to the Danish Government, because we felt that the security interests of the United States and those of Denmark were identical in these matters and would be best served by non-delivery of the tanker. The United States Government still holds this view and deeply regrets the delivery.

The Battle Act directs me to consider whether

the termination of aid would "clearly be detrimental to the security of the United States." In arriving at my decision, I have considered the following factors:

1. By virtue of its geography, Denmark occupies an important position in the strategic plans formulated by SHAPE for the defense of western Europe and therefore of the United States. It commands the exit from the Baltic Sea to the Atlantic Ocean and its participation is thus essential to the success of any plan to keep the Soviet submarine fleet from operating from the Baltic in the event of war. In addition, Denmark exercises political jurisdiction over Greenland, an important bridge between North America and the European continent on which the United States Air Force now maintains strategic bases, important to the air and naval defense of North America.

2. Denmark is contributing directly to the defense build-up of the NATO powers. A substantial part of the ground forces assigned by SHAPE to the northern flank of the European defense system is being provided by Denmark, in addition to air and naval units being contributed to the NATO forces. Members of the Danish Government have indicated recently that they are considering revision of a long-standing policy against the presence of non-Danish forces on Danish territory in order to make available to NATO forces certain facilities which would contribute greatly to the defensive strength of the Atlantic area. Danish contributions to the common defense could not be met without American assistance.

3. The Danes require certain vital imports, notably coal and potash, from the Soviet bloc. The dependence of the Danes on imports from the Soviet bloc is reduced substantially by American aid. Without the aid, Denmark would be forced to seek more of its imports from the Soviet bloc and, in return, would have to make greater exports. The most effective export which Denmark could offer would be ships and ship repair services, and Soviet bloc negotiators would be in a strong position to bargain for increased deliveries of tankers and other vessels. Termination of United States aid would therefore result in a greater rather than diminished flow of strategic goods and services to the Soviet bloc.

4. For some years, the Danish Government has cooperated consistently with the United States and other free governments in the development of collective programs to eliminate or curtail the shipment of strategic commodities to the Soviet Union and its satellites. The Danish Government now operates a comprehensive system of export controls and has again reassured the United States Government of its intention to continue to collaborate fully in international efforts to eliminate strategic trade with the Soviet bloc. The delivery of the tanker in question was not the result of any laxity in the Danish system of controls but rather, as pointed out above, was due to the fact that the

Danish Government regarded its delivery as required by legally binding commitments made prior to the time these international efforts were instituted.

5. The security of the United States is squarely based on the unity of the western world and the continued strengthening of its joint institutions, particularly the North Atlantic Treaty Organization. It is a primary political and propaganda objective of the communist bloc to weaken those institutions and to drive a wedge between the democratic allies which have joined together for their common defense. There can be no question that the termination of United States aid would weaken the structure of Atlantic unity and thus serve the ends of Soviet policy.

6. The Administrator of the Battle Act has recommended to me that aid to Denmark be continued. His recommendation has been supported by the Secretary of State; the Secretary of Defense; General Ridgway; the United States Special Representative in Europe, Ambassador Draper; the United States Ambassador to Denmark, Mrs. Anderson; and other interested Government officials.

On the basis of these considerations, I have concluded that to terminate aid to Denmark would clearly be detrimental to the security of the United States by weakening the defenses of NATO, contributing to the strength of the Soviet Union, fostering the political and propaganda objectives of the communist bloc, and defeating the purposes of the Battle Act. In conformity with Section 103 (b) of Public Law 213, 82nd Congress, I therefore have directed that military, economic and financial aid to Denmark be continued.

As you will realize, many of the details of the considerations involved in this matter are highly classified. Representatives of the Executive Branch will be pleased to discuss this matter further with you and your Committee, if you so desire.

Sincerely yours,

HARRY S. TRUMAN

Mutual Security Provisions of Supplemental Appropriation Act

Statement by the President

White House press release dated July 15
[Excerpts]

I have today signed H.R. 8370, the Supplemental Appropriation Act of 1953. This is an omnibus measure, appropriating funds for a great many agencies.

In a number of ways, this act falls so far short of what is required in the national interest that I feel I cannot let it go without comment. Fortunately, some of the most drastic and unwise slashes proposed were averted by the Congress

before the act was finally passed. I have been particularly gratified by the determined stand of many Members of the Congress in the days before adjournment, which saved the vital expansion of our atomic energy facilities from disastrous curtailment.

Nevertheless, the act contains a number of appropriation cuts which will seriously hamper our total defense effort. In particular, I am deeply concerned by the slashes in funds for civil defense, for anti-inflation controls, and for our Mutual Security Program.

As for the Mutual Security Program, the Congress has cut almost 25 percent from the program which I recommended last February.¹

The passage of the mutual security legislation and the appropriations for it included in this act are a reaffirmation of one of the cardinal points of our foreign policy—the achievement of peace through helping to build the collective strength of the free world to resist aggression from without and subversion from within. I am gratified that the Congress had the wisdom to reject many of the crippling amendments which were proposed by those who sought to clothe their all-out opposition to this program with devious and specious devices to destroy it. Nevertheless, it is clear that the amount of this appropriation is inadequate and was arrived at in an effort to present the American people in an election year with the illusion of economy rather than with the reality of an adequate collective defense.

Slashes in funds have been particularly severe in the programs for Europe and for the Indian subcontinent.

Our contributions toward building up the forces of our North Atlantic Treaty partners are but a small portion of the contributions made by our allies, but ours is a critical portion. By virtue of the cuts made by the Congress in the military equipment program and in defense support, the European forces will have less equipment and consequently less fire power and less air cover. As a result, our own forces in Europe become both more vulnerable and less effective in the defense tasks they might be called on to perform. I think the American people should clearly understand that every dollar which has been cut from the amount requested represents a loss of much more than a dollar's worth of strength for the free world.

There has been an equally short-sighted reduction in funds available for the Point Four Program in the new nations of South Asia, including India, Pakistan, Burma, and Indonesia. The original program recommended for this area

¹ The amount recommended by the President was \$7,900,000,000; the final amount appropriated by the Congress was \$6,001,947,750. For text of the President's message, see BULLETIN of Mar. 17, 1952, p. 403.

amounted to 178 million dollars. The amount finally appropriated was slightly over 67 million dollars, or a slash of more than 60 percent. Similar slashes were made in our contribution for technical assistance through the United Nations.

This is an exceedingly dangerous thing for the Congress to have done. Take India for example. India, the largest democratic nation in all Asia, is now engaged in a tremendous effort of her own to build up her economy and living standards—to show that democratic government and democratic methods can succeed in curing the poverty, the hunger, and the misery that afflicts so much of Asia. Every dollar of the aid recommended was to back up the concrete and constructive efforts that the Indians themselves are making. Upon these efforts may well depend the whole future course of freedom and democracy on the continent of Asia.

The cut for these Asian countries is even more cruel because it comes at a time when they are facing severe economic strain—when even Pakistan, normally a country of grain surplus, is facing a grain shortage. The American people should carefully note the strange fact that prominent among the proponents of this cut were some of the very individuals who have shouted loudest that we are not doing enough in Asia.

The cuts in our Mutual Security Program have allegedly been made in the name of economy. To me, this is the falsest kind of economy. I am convinced that such cuts will in the long run cost us much more. I am equally convinced that the Congress itself will eventually recognize the necessity of making additional funds available during this fiscal year to meet the needs of this program.

Current Legislation on Foreign Policy

Authorizing the Committee on the Judiciary To Conduct a Study of the Problems of Certain Western European Nations Created by the Flow of Escapees and Refugees From Communist Tyranny. S. Rept. 1671, 82d Cong., 2d sess. [To accompany S. Res. 326.] 2 pp. Change in Supplemental Estimates Relating to the Mutual Security Program. H. doc. 512, 82d Cong., 2d sess. 1 p.

Loan of Certain Naval Vessels to Government of Japan. H. rept. 2195, 82d Cong., 2d sess. [To accompany H. R. 8222] 3 pp.

Providing for the Removal of Certain Discriminatory Practices of Foreign Nations Against American-Flag Vessels, and for Other Purposes. S. rept. 1752, 82d Cong., 2d sess. [To accompany S. J. Res. 150] 4 pp.

Loan of Two Submarines to the Government of the Netherlands. H. rept. 2184, 82d Cong., 2d sess. [To accompany H. R. 7993] 3 pp.

Urgent Deficiency Appropriation Bill, 1952. S. rept. 1780, 82d Cong., 2d sess. [To accompany H. R. 7860] 9 pp.

Estimates of Appropriation To Carry Out the Purposes of the Mutual Security Act of 1952. H. doc. 510, 82d Cong., 2d sess. 5 pp.

Extending the Rubber Act of 1948. H. rept. 2168, 82d Cong., 2d sess. [To accompany H. R. 6787] 4 pp.

Amending Section 3115 of the Revised Statutes. H. rept. 2174, 82d Cong., 2d sess. [To accompany H. R. 6245] 3 pp.

An Agreement Regarding Status of Forces of Parties of the North Atlantic Treaty. Message From the President of the United States Transmitting a Certified Copy of an Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces, Signed at London on June 19, 1951. S. exec. T, 82d Cong., 2d sess. 19 pp.

An Agreement Relating to the Status of the North Atlantic Treaty Organization. Message From the President of the United States Transmitting a Certified Copy of an Agreement on the Status of the North Atlantic Treaty Organization, National Representatives and International Staff, Signed at Ottawa on September 20, 1951, Together With a Signed Extract From the Summary Record of a Meeting of the North Atlantic Council Deputies Held on December 12, 1951, Correcting Certain Errors in the French Text of That Agreement. S. exec. U, 82d Cong., 2d sess. 15 pp.

An Act To assist in preventing aliens from entering or remaining in the United States illegally. Pub. Law 283, 82d Cong., Chapter 108, 2d sess., S. 1851. 2 pp.

An Act Authorizing Vessels of Canadian Registry To Transport Iron Ore Between United States Ports on the Great Lakes During 1952. Pub. Law 409, 82d Cong., Chap. 458, 2d sess., S. 2748. 1 p.

An Act To Extend the Rubber Act of 1948 (Pub. Law 469, 80th Cong.), as Amended, and for Other Purposes. Pub. Law 404, 82d Cong., Chap. 453, 2d sess., H. R. 6787. 1 p.

Departments of State, Justice, Commerce, and the Judiciary Appropriation Bill, 1953. S. Rept. 1807, 82d Cong., 2d sess. [To accompany H. R. 7289] 29 pp.

Continuing Until Close of June 30, 1953, the Suspension of Duties and Import Taxes on Metal Scrap. S. Rept. 1830, 82d Cong., 2d sess. [To accompany H. R. 6845] 4 pp.

Providing Funds for the Acquisition and Maintenance of a German Embassy by the Federal Republic of Germany. S. Rept. 1977, 82d Cong., 2d sess. [To accompany S. 2439] 3 pp.

Approving the Constitution of the Commonwealth of Puerto Rico Which Was Adopted by the People of Puerto Rico on March 3, 1952. H. Rept. 2350, 82d Cong., 2d sess. [To accompany H. J. Res. 430] 3 pp.

Concerning Canadian Meeting of the Commonwealth Parliamentary Association. S. Rept. 1985, 82d Cong., 2d sess. [To accompany S. Con. Res. 86 and S. Res. 341] 2 pp.

An Act To Amend the Mutual Security Act of 1951, and for Other Purposes. Pub. Law 400, 82d Cong., Chap. 449, 2d sess., H. R. 7005. 11 pp.

Supplemental Appropriation Bill, 1953. H. Rept. 2316, 82d Cong., 2d sess. [To accompany H. R. 8370] 70 pp.

Importation of Wild-Bird Feathers. S. Rept. 1832, 82d Cong., 2d sess. [To accompany H. R. 7594] 6 pp.

Immigration and Nationality Act. Message From the President of the United States Returning Without Approval the Bill (H. R. 5678) To Revise the Laws Relating to Immigration and Nationality, and for Other Purposes. H. doc. 520, 82d Cong., 2d sess. 101 pp.

An Act To Authorize the Establishment of Facilities Necessary for the Detention of Aliens in the Administration and Enforcement of the Immigration Laws, and for Other Purposes. Pub. Law 395, 82d Cong., Chap. 442, 2d sess., S. 1932. 1 p.

Estate- and Income-Tax Conventions With Finland and an Estate-Tax Convention With Switzerland. S. Exec. Rept. 13, 82d Cong., 2d sess. [To accompany Executive K, 82d Cong., 2d sess.; Executive L, 82d Cong., 2d sess.; and Executive P, 82d Cong., 1st sess.] 3 pp.

The Prisoner of War Situation in Korea. Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 2d sess. Committee print. 27 pp.

Statement of General Hudelson on Korea. Hearings Before a Subcommittee of the Committee on Appropriations, House of Representatives, 82d Cong., 2d sess. Committee print. 3 pp.

Communism in the Detroit Area—Part 2. Hearings Before the Committee on Un-American Activities, House of Representatives, 82d Cong., 2d sess. Mar. 10, 11, 12, and Apr. 29 and 30, 1952. Committee print. 312 pp.

Emergency Powers Continuation Act. Hearings Before Subcommittee No. 4 of the Committee on the Judiciary, House of Representatives, 82d Cong., 2d sess. on H. J. Res. 386, To Continue in Effect Certain Statutory Provisions for the Duration of the National Emergency Proclaimed December 16, 1950, and 6 Months Thereafter, Notwithstanding the Termination of the Existing State of War. Feb. 27, 28, 29, Mar. 6, 7, 12, 13, 21, 24, 26, 28, April 2, 7, 25, 28, 1952. Serial No. 15. 622 pp.

Convention on Relations With the Federal Republic of Germany and a Protocol to the North Atlantic Treaty. Hearings Before the Committee on Foreign Relations, United States Senate, 82d Cong., 2d sess. on Executive Q and R, a Convention on Relations With the Federal Republic of Germany and a Protocol to the North Atlantic Treaty and Related Documents. June 10, 11, 12, 13, 16, and 17, 1952. Committee print. 267 pp.

Departments of State, Justice, Commerce, and the Judiciary Appropriations for 1953. Hearings before the Subcommittee of the Committee on Appropriations, United States Senate, 82d Cong., 2d sess. on H. R. 7289. Committee print. 1828 pp.

Convention on Relations With the Federal Republic of Germany and a Protocol to the North Atlantic Treaty. Report of the Committee on Foreign Relations on Executives Q and R, 82d Cong., 2d sess. S. Exec. Rept. 16. 58 pp.

International Convention for the High Seas Fisheries of the North Pacific Ocean With a Protocol Relating Thereto. S. Exec. Rept. 15, 82d Cong., 2d sess. To accompany Executive S, 82d Cong., 2d sess.] 7 pp.

PUBLICATIONS

Recent Releases

For sale by the Superintendent of Documents, Government Printing Office, Washington 25, D. C. Address requests direct to the Superintendent of Documents, except in the case of free publications, which may be obtained from the Department of State.

Agriculture: Cooperative Program in Honduras, Additional Financial Contributions. Treaties and Other International Acts Series 2373. Pub. 4500. 4 pp. 5¢.

Agreement between the United States and Honduras—Signed at Tegucigalpa Aug. 7 and 14, 1951; entered into force Aug. 14, 1951.

Copyright. Treaties and Other International Acts Series 2383. Pub. 4511. 6 pp. 5¢.

Agreement between the United States and Finland—Signed at Washington Nov. 16, 1951; entered into force Nov. 16, 1951.

Sample Questions From the Foreign Service Officer Examination. Department and Foreign Service Series 29. Pub. 4579. 36 pp. 15¢.

A pamphlet illustrating types of questions used in examinations given to prospective Foreign Service officers.

Germany, Resolution of Conflicting Claims to German Enemy Assets. Treaties and Other International Acts Series 2230. Pub. 4397. 69 pp. 25¢.

Agreement, with annex, between the United States and Other Governments—Concluded at Brussels Dec. 5, 1947; entered into force Jan. 24, 1951.

General Agreement on Tariffs and Trade. Treaties and Other International Acts Series 2300. Pub. 4431. 11 pp. 5¢.

Protocol modifying article XXVI of the agreement of Oct. 30, 1947 between the United States and Other Governments—Dated at Annecy Aug. 13, 1949; entered into force Mar. 28, 1950.

Agriculture, Cooperative Program in Peru. Treaties and Other International Acts Series 2303. Pub. 4369. 5 pp. 5¢.

Supplementary agreement between the United States and Peru—Signed at Lima June 7 and 15, 1951; entered into force June 19, 1951.

Narcotic Drugs, International Control of Drugs Outside the Scope of the Convention of July 13, 1951, as amended. Treaties and Other International Acts Series 2308. Pub. 4389. 48 pp. 15¢.

Protocol between the United States and Other Governments—Dated at Paris Nov. 19, 1948; entered into force with respect to the United States Sept. 11, 1950.

Health and Sanitation, Cooperative Program in Honduras. Treaties and Other International Acts Series 2323. Pub. 4420. 6 pp. 5¢.

Agreement between the United States and Honduras—Signed at Tegucigalpa Sept. 21 and 28, 1950; entered into force Sept. 28, 1950; operative retroactively from June 30, 1950.

Parcel Post. Treaties and Other International Acts Series 2336. Pub. 4440. 37 pp. 15¢.

Agreement between the United States and Yugoslavia—Signed at Belgrade Aug. 14, 1950, and at Washington Sept. 1, 1950; entered into force Jan. 1, 1950.

Census Mission to El Salvador. Treaties and Other International Acts Series 2362. Pub. 4329. 5 pp. 5¢.

Agreement between the United States and El Salvador—Signed at San Salvador July 23, 1951; entered into force July 23, 1951.

Health and Sanitation, Cooperative Program in Panama, Additional Financial Contributions. Treaties and Other International Acts Series 2367. Pub. 4494. 4 pp. 5¢.

Agreement between the United States and Panama—Signed at Panamá Aug. 14 and Nov. 8, 1951; entered into force Nov. 8, 1951.

Charter of the Organization of American States. Treaties and Other International Acts Series 2361. Pub. 4479. 95 pp. 25¢.

Signed at Bogotá April 30, 1948; entered into force December 13, 1951.

Education, Cooperative Program in Ecuador. Treaties and Other International Acts Series 2363. Pub. 4482. 4 pp. 5¢.

Agreement between the United States and Ecuador supplementing agreement of September 15, 1950—Signed at Quito September 27, 1951; entered into force September 27, 1951.

Health and Sanitation, Cooperative Program in Venezuela, Additional Financial Contributions. Treaties and Other International Acts Series 2378. Pub. 4505. 5 pp. 5¢.

Agreement between the United States and Venezuela—Signed at Caracas September 24 and October 30, 1951; entered into force October 30, 1951.

Health and Sanitation, Cooperative Program in Nicaragua, Additional Financial Contributions. Treaties and Other International Acts Series 2379. Pub. 4506. 4 pp. 5¢.

Agreement between the United States and Nicaragua—Signed at Managua October 23 and November 20, 1951; entered into force November 20, 1951.

Copyright. Treaties and Other International Acts Series 2382. Pub. 4510. 9 pp. 5¢.

Agreement between the United States and Italy—Signed at Washington December 12, 1951; entered into force December 12, 1951.

Technical Cooperation. Treaties and Other International Acts Series 2401. Pub. 4563. 8 pp. 5¢.

Agreement between the United States and Israel—Signed at Hakirya (Tel Aviv) February 26, 1951; entered into force February 26, 1951.

Security Treaty Between the United States and Japan. Treaties and Other International Acts Series 2491. Pub. 4607. 14 pp. 5¢.

Signed at San Francisco September 8, 1951; entered into force April 28, 1952.

Security Treaty Between the United States, Australia, and New Zealand. Treaties and Other International Acts Series 2493. Pub. 4608. 8 pp. 5¢.

Signed at San Francisco September 1, 1951; entered into force April 29, 1952.

Check List of Department of State

Press Releases: July 21-26, 1952

Releases may be obtained from the Office of the Special Assistant for Press Relations, Department of State, Washington 25, D.C.

Press releases issued prior to July 21 which appear in this issue of the BULLETIN are Nos. 540 of July 9, 542 of July 10, 549 of July 14, 555 of July 15, 556 of July 15, 557 of July 16, 561 of July 18, 562 of July 17, 563 of July 18, 566 of July 18, 567 of July 18, and 569 of July 19.

| No. | Date | Subject |
|------|------|------------------------------------|
| *570 | 7/21 | Colombia: Anniversary |
| *571 | 7/21 | Belgium: Anniversary |
| †572 | 7/22 | Radio Scientific Union |
| 573 | 7/22 | Commission of Women |
| 574 | 7/22 | Committee on voluntary foreign aid |
| 575 | 7/22 | Red Cross conference |
| 576 | 7/22 | Alde mémoire to Israel |
| *577 | 7/23 | Newsman receives IIE award |
| *578 | 7/23 | Exchange of persons |
| *579 | 7/24 | Palmer: Retirement |
| 580 | 7/24 | Thorp: Economic policy |
| *581 | 7/24 | Ethiopia: Anniversary |
| 582 | 7/24 | Acheson: Prisoners of war |
| *583 | 7/25 | Scandinavia Day at Seattle |
| *584 | 7/25 | Miller: Geography consultation |
| *585 | 7/25 | Opening of geography session |
| *586 | 7/26 | Bohlen: U.S. foreign policy |

†Held for a later issue of the BULLETIN.

*Not printed.

"Field Reporter" To Tell of U. S. Activities Abroad

Field Reporter, newest publication of the Department of State, makes its first appearance this week with the 40-page July-August number. Designed to cover all the varied activities conducted by the United States in other countries, the new magazine will be published every second month.

Secretary Acheson has written a foreword to the first number:

"This new magazine tells you about some of the problems of free people and would-be free people everywhere, and about how you, through your Government and private organizations, are helping them to work out solutions to their problems.

"Americans have always believed in helping others. Our desire to help is stronger than ever today. As part of a united effort against hunger, disease, and ignorance, we are sending to all parts of the world a growing number of skilled men and women to work side by side with other peoples. 'Our technical missionaries,' as President Truman has called them, are contributing valiantly to the peace and happiness of the world.

"This magazine tells you of their work, in pictures and in their own words. I hope you will find it interesting and informative."

Howland H. Sargeant, Assistant Secretary of State for Public Affairs, also comments on *Field Reporter*:

"Hundreds of Americans are engaged in Point Four projects throughout the world; many more in this country and overseas participate in the Department of State's International Information and Educational Exchange Program. It was felt that a new medium was needed to report on these greatly expanding phases of U. S. foreign policy.

"Many of the men and women to whose activities this magazine is devoted have exchanged a safe, comfortable way of life for a difficult, often hazardous, existence. Why are they willing to make this sacrifice? I think the reasons will become apparent to you as you read of the friends they are making for America—of the age-old human problems they are trying to conquer—and of a rising spirit of hope the world over."

The front cover of the July-August number of *Field Reporter* carries a photograph of a young Indian girl balancing on her head a basket heaped with raw cotton. Inside, the first story is an account by Ambassador Chester B. Bowles of his activities in the Indian capital of New Delhi. Emphasizing the cooperative programs sponsored by the Governments of India and the United States, Mr. Bowles' article appears in the department "From World Capitals."

Presented as companion pieces are stories from Burma which show how two American women, working in completely different fields, have suc-

ceeded in making friends for the United States. Helen Hunerwadel, wife of a former county demonstration agent from Tennessee, began by sharing her homemaking skills with women in a remote Burmese province and ended by establishing a national canning industry. Zelma Graham, a librarian at the U.S. Information Center in Rangoon, was able to assist in the framing of Burma's new constitution by supplying Government leaders with books about the U. S. Constitution.

In "Harnessing Lebanon's Litani River," *Field Reporter* presents an account of a typical Point Four engineering project, whose purpose is to plan a "TVA" for Lebanon and thus increase that country's farming area and food supply.

A picture story contributed from the Philippines shows how children in that country are bene-



Cover of the first issue

fiting from the skills brought back by Philippine teachers and nurses trained in the U.S. under the educational exchange program.

Field Reporter is the successor publication to the Department of State *Record*, which began publication in 1945 to tell Americans about their country's international exchange programs—educational, cultural, scientific, and technical.

Subscriptions to *Field Reporter*, at \$1.50 a year, may be obtained by writing the Superintendent of Documents, Washington 25, D. C. Sample copies are available from the Division of Publications, Department of State.

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